

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Friday June 6 1986

D 8523 B

Austria: bitter divisions surface, Page 2

Austria	Sch 20	Indonesia	Rp 2500	Peru	S/ 30
Bahrain	Dh 650	Italy	L 1100	S. Arabia	Ri 6.00
Belgium	Bfr 45	Japan	Y 1500	Singapore	S\$ 4.10
Canada	C\$ 110	Korea	W 500	Spain	Pta 175
Ceylon	C\$ 70	Lebanon	L 14.50	Sweden	S 1.00
Denmark	Dkr 2.00	Malaysia	M 1.25	Switzerland	Sfr 2.20
Egypt	E£ 1.00	Netherlands	D 2.75	Taiwan	N 1.00
France	F 6.00	Norway	Nkr 7.00	Thailand	B 1.00
Germany	DM 2.20	Philippines	P 20	U.S.A.	\$ 1.00
Greece	D 80	Portugal	P 200		
Hong Kong	H\$ 12				
India	Rs 15				

## World news Business summary

### Tutu will defy ban on Soweto meetings

Nobel laureate Bishop Desmond Tutu urged outright defiance of a South African government ban on meetings and church services marking the June 16 anniversary of the 1976 Soweto riots. The anti-apartheid United Democratic Front said confrontation on the highly charged anniversary was now inevitable. The rand came under heavy pressure in the wake of mounting concern over the threat of Western economic sanctions against Pretoria.

### Haiti warning

Li Gen Houmi Namphy, head of the provisional government of Haiti, said the country was heading for civil war following two days of violent anti-government protests.

### Waldheim confident

Dr Kurt Waldheim, former UN secretary-general, appears set to win the final round of Austria's presidential election on Sunday, despite the international controversy over his wartime past.

### Libyans immune

A Turkish court ruled it could not try three of six Libyans accused of trying to bomb an American club in Ankara because of their diplomatic immunity.

### Shipping delayed

Heavy rains and mountain snow falls have pushed water levels on parts of the Rhine to their highest level for 33 years, causing serious delays to shipping, Swiss port authorities said.

### Belgian split

Belgium's centre-right coalition government, whose spending cuts sparked a wave of strikes by public sector workers, is threatened with a damaging split over education spending.

### Fewer passengers

European airlines have reported an 11 per cent drop in the number of passengers on the north Atlantic route in April, following recent guerrilla violence in Europe.

### Army sent in

Irish Army was sent into central Dublin to clear rubbish left in the streets by striking refuse collectors.

### Civilians killed

Tamil separatist guerrillas have killed 18 Sinhalese civilians in raids on two villages in eastern Sri Lanka, security sources said in Colombo.

### Plea for handicapped

European Community employment ministers called for greater action to encourage the employment of handicapped people.

### Coverage criticised

Some Soviet press coverage of the Chernobyl disaster was intentionally misleading, according to a Soviet commentator in the strongest attack yet on the way news of the accident was handled.

### Israelis wounded

A total of three Israelis were injured in a Jerusalem bomb blast and a shooting attack in the occupied West Bank on the 19th anniversary of the 1967 Middle East war.

### Berlin protests

Nato countries whose diplomats are being subjected to controversial new passport controls at the border between East and West Berlin are preparing a protest to the Communist authorities.

### Airbus hopes for A340 boosted

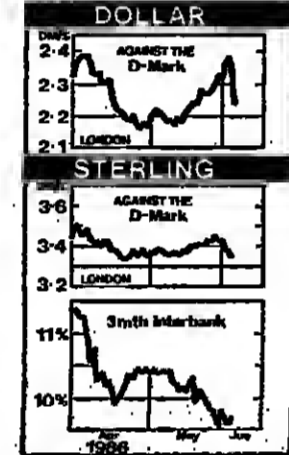
AIRBUS Industrie, the European multi-national commercial aircraft maker, said revised specifications for its planned A340 long-range airliner had been received with "broad approval" by some members of the board of Lufthansa. The West German airline, potentially a key customer for the new aircraft, had rejected initial specifications submitted in April.

WALL STREET: The Dow Jones industrial average closed 16.15 up at 1,878.44.

TOKYO: Stocks climbed to new peaks, and the Nikkei average hit record 16,810.99 after advancing 8.24.

LONDON: Equities were higher while gilts faded. The FT Ordinary share index advanced 13.0 to 1,332.8, and the FT-SE 100 rose 11.2 to 1,612.6.

DOLLAR: fell in London to DM 2.235 (DM 2.278), SF 1.844 (SF 1.8845), FF 7.1275 (FF 7.2525) and Y168.85 (Y171.35). On Bank of England figures, the dollar's exchange rate index fell to 116.8 from 117.3.



STERLING rose in London to \$1.496 (\$1.493). Elsewhere, it fell to DM 3.245 (DM 3.38), SF 2.7575 (SF 2.785), FF 10.6625 (FF 10.70) and Y252.5 (Y254.25). The pound's exchange-rate index fell to 75.3 from 75.5.

GOLD rose 50.75 in the London bullion market to close at \$341.75. It rose in Zurich to \$341.90 (\$340.85). In New York the Comex August settlement was \$344.60.

TEXAS AIR, US airline holding group which is taking over Eastern Air Lines, has agreed to take a stake in Spantax, a troubled Spanish air charter company. The agreement coincided with the start of a five-day strike at the Spanish airline.

LUBIG, engineering and process plant subsidiary of the West German Metallgesellschaft group, said its earnings should recover slightly this year following costly rationalisation measures.

BEAR STEARNS, Wall Street securities trader, which went public in October, says its first year's earnings of \$181.7m or \$2.44 a share are a record.

ROSENTHAL, West German ceramics and glass maker, plans an unchanged 1985 dividend of DM 7.50 per share plus a DM 1 bonus from extraordinary income. Earnings for the year rose from DM 4.5m to DM 5.1m (\$1.63m).

CANADIAN Imperial Bank of Commerce, which is planning a major restructuring, reported lower second-quarter earnings from C\$81.3m to C\$74.2m (US\$5.4m). Half-year earnings were also down.

LINDT & Sprüngli, Swiss chocolate company, has bought back from Aachen-based Leonard Monheim its license to make Lindt products in Germany and the Netherlands.

JACQUES DELORS, president of the European Commission, said Europe must make real progress on removing internal barriers to trade within the next 10 months or European firms would turn away from the EEC.

## Communists agree to peace talks with Aquino

COMMUNIST FORCES which have been at war for the past 17 years in a bid to seize power in the Philippines have agreed to attend peace talks with the new Government of President Corason Aquino, writes Samuel Senores in Manila.

Mrs Aquino told a televised press conference yesterday that the Communist Party of the Philippines had agreed to send a representative for talks with officials of her Government. No rate has yet been set, but the meeting will mark the first formal contact between Government and communist leaders since the rebel New People's Army (NPA) launched its offensive in 1969.

Mr Satur Ocampo, a former journalist, who escaped from detention last year under the former regime of Mr Ferdinand Marcos, is to represent the Communists in the negotiations.

Mrs Aquino did not give any ti-

metable for the negotiations, but in a US television interview she said she would crack down on the rebels if the talks did not bring results after six months.

Since Mrs Aquino toppled Mr Marcos, in a military-backed revolution last February, the NPA is reported to have split into those who want to negotiate a peace settlement and those who want to fight on.

It is far from clear who Mr Ocampo represents since many NPA commanders have pledged to continue the struggle until the two US military bases in the Philippines are dismantled and the country is set on a socialist path.

Yesterday's announcement, nevertheless, represents a breakthrough for Mrs Aquino's Government, which has had little concrete progress to show since it initiated talks with the communists shortly after taking power.

Mrs Aquino yesterday conceded that, after 100 days in power, insurgency and a near bankrupt economy were still the most serious problems facing her Government.

The NPA, which has grown from a few hundred in 1969 to about 16,000 fully armed regulars, excluding militia and a broad civilian logistical support base, has been rapidly expanding its influence in the countryside, particularly in remote villages.

General Fidel Ramos, chief of the armed forces, has estimated that the NPA controlled up to 18 per cent of the country's rural areas.

Mrs Aquino's effort at reconciliation has drawn enthusiastic support from church leaders although an increasing number of people, particularly within the military, have become sceptical about the process.

Last February after she deposed Mr Marcos, Mrs Aquino called for

reconciliation, ordering soldiers to stay in their barracks. By contrast, the NPA reacted by stepping up operations against selected targets, and this has angered a number of commanders.

Since then, more than 1,000 soldiers, rebels and civilians have been killed in the fighting.

Most of the fighting has been waged in the home region of Mr Juan Ponce Enrile, the Defence Minister who revolted against Mr Marcos during the abortive February elections, after serving him for more than a decade.

Communist leaders have openly questioned his continued stay in the defence post, claiming he was a leading architect of a tough anti-insurgency campaign during Mr Marcos's two decades of rule.

Mrs Aquino said she had not made any formal contacts with the Moro National Liberation Front

fighting for Moslem rule in the southern Philippines because she was waiting for leaders of the splintered movement to come together.

More than 50,000 people were killed at the height of the Moro rebellion, with the rebels claiming that the Government had refused to implement a Libya-mediated agreement granting autonomy to the Philippines' minority Moslem population.

The Moslem front has been largely quiet for several years, but more than 40 people have died since February in stepped-up activity by them.

Mr Ocampo, 47, jailed on subversion and rebellion charges, slipped away while on a liberty pass to attend a Philippine National Press Club election in May 1985. He was business editor of the Manila Times when Mr Marcos shut down the newspaper when he imposed martial law in 1972.

## California growers crushed by almond shortfall

By Andrew Gowers in London

ALMOND crunchers, choppers and fishers beware. The price of the nut is rocketing in response to sharply reduced crops in the two main producing areas, California and Spain. Its deadly rival, the hazelnut, is poised to make inroads back into markets which the almond fought hard to conquer.

Gill & Duffus, the London commodity trader, said yesterday that prices for Californian Non Pareil variety almonds in the free market have this month risen to \$440 per 220 lbs (the standard unit for measuring almonds) from below \$300 in February and about \$220 in the third quarter of last year.

Paradoxically, this is bad news for the thousands of almond growers in California's central San Joaquin valley and in Spain, as the higher prices are not expected to compensate them fully for the losses in their crop.

Almonds are California's biggest food export, earning the state more than \$300m a year. California normally accounts for about 80 per cent of world almond production.

This year, however, the crop is headed for trouble because of heavy rains in February which washed away the almond blossoms before California's bees could do their vital pollinating work.

The latest estimate from the California Crop and Livestock Reporting Service suggests 1986 production will be 113,536 tonnes, about 40 per cent below the average of the last five years.

As if that were not enough, frosts in Spain during April caused major losses of almond blossom, leading to current estimates for the crop of between 45,000 and 50,000 tonnes, against earlier expectations of about 60,000 tonnes.

The drop in production is a particularly bitter blow for the Californians, who have put a lot of work in recent years into building up markets for their product but suffered until last year from the overweening strength of the dollar.

The California Almond Growers Exchange, the biggest almond growers' co-operative, based in Sacramento, has developed a booming trade with the Soviet Union and Japan on top of its traditional customers in Western Europe.

Hazelnut prices, by contrast, are on the way down because of more than adequate crops, making them a better bargain in competition with almonds.

To add to the woes of Californian almond growers, there are signs that their product could get caught up in the latest skirmishing between the US and the EEC over farm trade.

## Reagan wins go-ahead for Saudi sale

By Reginald Dale in Washington

PRESIDENT RONALD REAGAN yesterday fended off a major foreign policy defeat by the narrowest possible margin as the US Senate voted to support his controversial \$2.65bn missile sale to Saudi Arabia.

In a neck-and-neck vote, Mr Reagan won the precise minimum of 34 votes needed to sustain his veto of earlier congressional attempts to block the sale, which will now go ahead. With all 100 senators voting, the count was 66 against the sale, just one vote short of the two-thirds majority needed to overturn Mr Reagan's veto.

The sale, for which Mr Reagan had strenuously lobbied over the past few days, includes 1,300 Sidewinder air-to-air and Harpoon anti-aircraft missiles.

Mr Reagan last month dropped an eye move controversial plan to sell Saudi Arabia 700 shoulder-fired Stinger anti-aircraft missiles, in a bid to overcome the opposition in the Republican Senate.

Mr Reagan had staked his personal prestige on the arms deal, which, he said, was vital to maintain Washington's credibility with the moderate Arab world.

Speaker after speaker yesterday, denounced the sale on the grounds that Saudi Arabia - the largest US arms purchaser - had not responded to American friendship by helping the Middle East peace process.

On the contrary, the opponents argued, Saudi Arabia had consistently rejected US peace initiatives

and had criticised Washington for the April 15 bombing raid on Libya.

Mr Reagan's narrow victory in the Senate means that there is no further vote in the Democrat-controlled House of Representatives, where opposition to the sale is even stronger. Two-thirds majorities in both Houses are needed to override a presidential veto.

Mr Reagan had concentrated his effort on the Senate, which last month voted 73 to 23 against the sale, believing that he had little chance of sustaining his veto in the House.

Mr Pete Domenici of New Mexico, one of the Republican senators who switched his vote to Mr Reagan yesterday, explained that he had been reassured by the removal of the Stingers, which, opponents had argued, could "fall into the hands of terrorists, and that he could not undermine the Administration's foreign policy by opposing Mr Reagan's wishes.

Sidewinder and Harpoon missiles were already in the Saudi arsenal, and Israel did not consider them a threat, he said. He believed that Saudi Arabia had "got the message" from the first Senate vote that it should not finance international terrorism.

Opponents, however, argued passionately that Saudi Arabia was continuing to bankroll the Palestine Liberation Organisation and Syria, both of which are suspected in Washington of involvement in anti-American terrorism.

## US banker admits insider trading

By Paul Taylor in New York

MR DENNIS LEVINE, the Wall Street investment banker at the centre of the biggest ever US insider trading case, yesterday agreed to give up \$11.6m in alleged illegal share trading profits as part of a negotiated plea-bargaining agreement to settle charges brought by the Securities and Exchange Commission.

At the same time, Mr Levine, 33, a former senior mergers and acquisitions expert with the Wall Street firm of Drexel Burnham Lambert, pleaded guilty in a New York court to insider trading, perjury and tax evasion charges.

Under the terms of the surprise plea-bargaining agreement, Mr Levine has also agreed to co-operate with the continuing SEC investigation into the case.

Meanwhile, in a separate case, four of the five people accused a week ago of operating another illegal insider trading scheme pleaded guilty to the charges. The fifth, Mr Michael David, a former associate of a leading New York law firm, Paul Weiss, Rifkin, Wharton & Garrison, pleaded not guilty to charges that he masterminded the alleged insider trading ring which the SEC claims included the two stock arbitrage analysts, a stockbroker and an account holder who pleaded guilty to various charges yesterday.

Mr Levine's court appearance came just over three weeks after the SEC accused him of making illegal stock trading profits.

The SEC allegations covered securities transactions involving at

## New wave of selling hits Paris bourse

By David Marsh in Paris and Paul Hannon in London

THE PARIS BOURSE fell again yesterday in a fresh wave of selling by domestic and foreign investors which could, if it continues, undermine the right-wing Government's economic recovery programme.

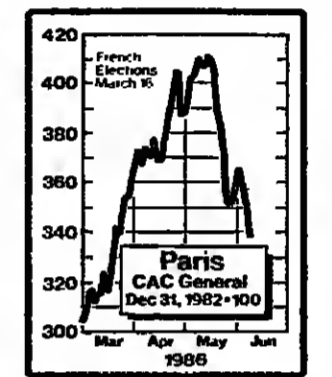
Yesterday's fall of 3.5 per cent in the CAC General index took the Paris stock market's decline over the last fortnight to 13 per cent, reversing part of a steady rise of more than 50 per cent since January. Institutional buying managed to prop up the market.

Paris stockbrokers said the market remained depressed by worse-than-expected economic news in France and the renewed difficulties faced by the Government of Mr Jacques Chirac in implementing its economic programme.

The fresh rise in the dollar this week after a three week fall, which some economists believe might dampen economic prospects for Europe, has also affected sentiment, brokers said.

A wave of issues of new equity in recent weeks, above all donations of non-voting shares by nationalised companies and banks, has confronted the bourse with a problem of digestion.

London brokers and analysts were in agreement that the bourse, the third largest exchange in continental Europe, needed a sharp technical correction, but some were surprised that this should be the second major decline in less than 10 trading days. During the last week of May, more than 10 per cent of the bourse's capitalisation was wiped out in a vigorous two-day sell-off by small investors. On that occasion,



Paris CAC General Dec 31, 1982=100

domestic institutions also managed to support the market.

Some overseas analysts detect a slowing of foreign interest in the French stock market which, in their eyes, is becoming increasingly volatile. Caution among US investors, who injected more than \$600m into French equities last year, has developed in the past six weeks.

Although there has not been a noticeable shift out of the French market, very little new foreign money is coming in.

Domestic institutional funds, which have few alternative investment opportunities, are thought likely to protect their huge investments on the bourse by becoming more active buyers, should foreign demand waver.

A further problem with bourse liquidity has been the recent moves to guarantee anonymity to

Continued on Page 20

Share market report, Page 46

## Warsaw Pact to endorse Soviet proposals on troop reductions

By Patrick Blum in Vienna and Robert Mauthner in London

THE WARSAW PACT countries are next week due to adopt a Soviet proposal for substantial conventional troop cuts in Europe which could involve broadening of the 19-nation mutual and balanced force reductions (MBFR) talks in Vienna to a new negotiating forum.

The proposal, first outlined by Mr Mikhail Gorbachev, the Soviet leader, at the East German Communist Party congress on April 18, is due to be endorsed by leaders of the seven-nation Warsaw Pact during their two-day meeting in Budapest starting next Tuesday.

Mr Gorbachev called for a "significant reduction" in land and air forces in Europe "from the Atlantic to the Urals" but gave no details. The proposal is expected to be spelled out in greater detail at the end of the Warsaw Pact meeting.

The Nato countries have so far adopted a "wait-and-see" attitude towards Mr Gorbachev's proposals, because of their lack of precision. However, there can be no doubt that they have aroused considerable interest among the Western allies, which have become increas-

ingly concerned at the lack of progress in all the various East-West disarmament talks.

At their meeting in Halifax, Nova Scotia, last week, Nato foreign ministers, adopted a special declaration on the need for "bold new steps" in the field of conventional arms control. They agreed to set up a high-level task force to flesh out Western proposals at both the MBFR talks and the Stockholm conference on confidence-building measures to reduce the risks of war.

A particularly significant part of the ministers' statement was their pledge "to take account" of Mr Gorbachev's April proposal for force reductions from the Atlantic to the Urals.

A Warsaw Pact official in Vienna indicated that the new Communist bloc proposals could entail widening the forum in which the MBFR talks between the Nato and Warsaw Pact in Vienna are being held.

The MBFR negotiations, which have been deadlocked for 13 years, mainly because of disagreements over present troop strengths and verification measures, cover only

Central Europe. But the new Warsaw Pact initiative involves a much wider area than provided for in the MBFR mandate and might well include confidence-building measures of the kind at present being negotiated in the 35-nation Stockholm disarmament conference.

An alternative suggestion to a completely new negotiating forum made by Warsaw Pact officials is a two-stage procedure, under which Europe-wide troop cuts would be negotiated in a follow-up phase to the Stockholm conference, due to end in September.

Some Western officials have argued that the Gorbachev initiative was no more than an attempt to divert attention from the deadlocked MBFR talks. There has been considerable irritation in the Nato camp that the Western concession of dropping a demand that present troops strengths on both sides should be established before an agreement is reached has remained unanswered since it was made in December last year.

Call for European Cruise missile, Page 3

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**The Peterborough Effect** FT/6/5

EUROPEAN NEWS

Waldheim poised to win but campaign leaves Austrians bitterly divided

BY PATRICK BLUM IN VIENNA

WITH only a few days to go before the final round in Austria's presidential election on Sunday Dr Kurt Waldheim...

campaign to undermine his bid for the presidency. He has accused the World Jewish Congress and Israeli politicians of "blatant interference" in Austria's internal affairs...

the Balkans against partisans, Jewish civilians and prisoners of war. Dr Waldheim's campaign office in Vienna immediately dismissed the charges as malicious slander.



New stickers on campaign posters proclaim "Because he can be trusted" of Kurt Steyrer (left) and "Finally vindicated" of Kurt Waldheim

Local Jewish leaders and representatives of the Jewish community have received threats and warnings of reprisals if Dr Waldheim is not elected.

Dr Waldheim narrowly failed to win an outright victory in the first round of the election on May 4. He has faced criticism at home and abroad about his failure to give a full account of his wartime past...

lose most from a victory by Dr Waldheim. Dissatisfaction with the Government and the party's leadership is expected to become open conflict if Dr Steyrer loses.

next general election. This is not due until April 1987, but many commentators believe it will take place before that, probably in the autumn.

David Barchard reports from Ankara on a party line-up with an increasingly pre-coup appearance

Political blocs begin to fracture in Turkey

THE CASUAL observer of Turkish politics could be forgiven for rubbing his eyes in disbelief after looking at the latest line-up in the Turkish parliament.

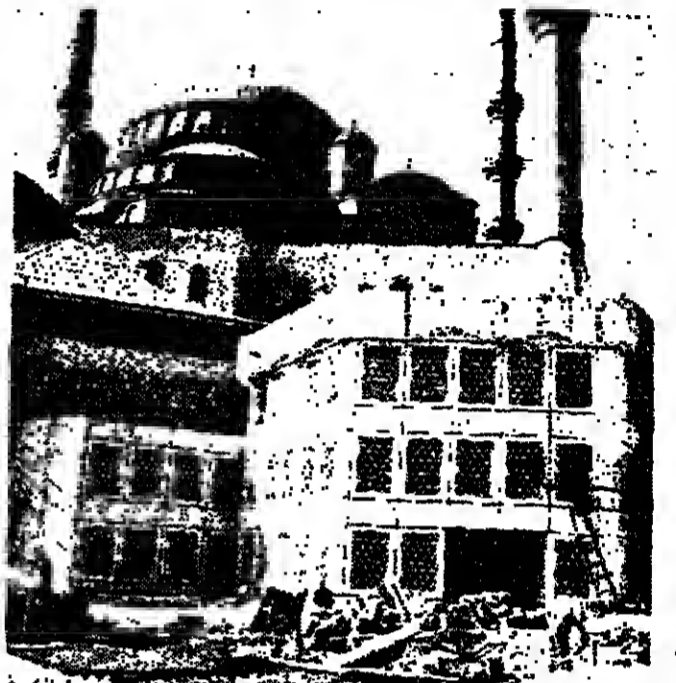
ever to take several more years and perhaps more than one general election before it is complete.

the opposition parties, which have fewer followers than most of the parties outside parliament, lack credibility.

until November, 1983—has started. It is a curious fractured scene with both left and right still divided and a great deal of political horse-trading likely before 1988.

electorate is not as clear as it was with opinion polls suggesting that he may be trailing the Social Democrats by about ten or more percentage points.

succeeded the main centre-right and centre-left parties of the 1970s which the military shut down in 1980.



The new extension for religious studies at the Kocatepe mosque in Ankara

Secular state gives religion wider role

BY MAGGIE FORD, RECENTLY IN ISTANBUL

TWO YEARS ago a woman engineering lecturer, was sacked from her job at a Turkish University because she refused to take off her headscarf during lessons.

and religious instruction was allowed in schools. Although a structure is in place under which Turkey could be administered as an Islamic Republic, two major obstacles remain—the attitude of the people and the role of the army.

Advertisement for International Westminster Bank in Monaco. Text: 'There is now an International Westminster Bank in Monaco.'

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Table titled 'PARTY STRENGTHS IN PARLIAMENT' showing the number of seats for various parties: Motherland Party (227), Social Democrat Party (84), Free Democrat (22), True Path Party (21), Democratic Leftist Party (4), Citizens Party (4), Independents (29), Vacant (11), Total (408).

chairman is his wife. At its first congress he made a fighting speech which has attracted the attention of the public prosecutor.

But Mr Ecevit has lost the support of virtually all his close associates in the pre-coup Republic Peoples party and the opinion polls show him with less than 5 per cent of the votes.

The party has been beset by countrywide squabbles at local level over the merger.

The election last weekend of Professor Inonu as leader will not have pleased Professor Gurkhan, who may not put up with this situation for very long.

Since the 19th century the debate has focused on the way an Islamic country should react to ideas about science, technology, education, culture and development being introduced in the West.

European codes of law were adopted for family, criminal and business law in 1928. Two years later, the Latin alphabet was substituted for Arabic, partly to promote an improvement in literacy.

A gradual loosening of Ataturk's restrictions on Islam followed: those going on a pilgrimage to Mecca were allowed foreign exchange from 1948; training courses for priests were set up in 1949; in 1950 the prayer call returned to Arabic.

Supporters of a stronger place for religion in society on the other hand that it could contribute to political and social stability in a country where the military has had to intervene against political extremism of both left and right on several occasions.

Although there is support for a stronger role for religion in Turkey, it does not appear to have a strong fundamentalist streak. Turkish Muslims are mainly orthodox Sunni, with a small Shiite sect, the Alevis, in the east of the country.

For the present, most observers believe that Mr Ozal's more relaxed approach is hitting the right note without apparently provoking the army.

At the same time, the strength of the Moslem establishment within the Government business and education, not to mention the mosques themselves, should not be underestimated. An end to the debate is not yet in sight.

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EUROPEAN NEWS

Modest economic recovery seen in French forecast

BY DAVID HOUSEGO IN PARIS

THE PICK-UP in economic activity in France will remain modest this year and next, according to France's leading private forecasting organisation, BIPE. It foresees real gross domestic product expanding to 2.1 per cent this year after a growth of 1.1 per cent in 1985 and flattening out at 2.2 per cent in 1987.

Greeks warned jobs must go in ailing companies

BY ANDRIANA IERODIACONOY IN ATHENS

THE GREEK Industry Ministry says it is determined to press ahead with closures and job losses at 49 ailing private companies, the management of which was taken over by the state under a rescue programme launched in 1983.

European fast reactor nations cut plant costs

BY DAVID FISHLOCK IN GENEVA

THE EUROPEAN fast reactor club is making good progress in reducing the cost of the fast reactor close to costs for present day reactor systems, the European Nuclear Congress was told this week.

Owen urges development of European missile

By Rupert Cornwell in Bonn

THE LEADER of the British Social Democratic Party, Dr David Owen, yesterday urged Britain, France, Germany and other West European nations to develop a new generation of medium range cruise missiles, to strengthen Europe's defence identity, and reduce the present overreliance on US dominance of the North Atlantic Treaty Organisation (Nato).

In a speech to the West German Foreign Policy Society in Bonn, Dr Owen argued that such a scheme could offer Europe a "different though credible" security in the event of a superpower agreement limiting or eliminating altogether US and Soviet missiles this side of the Urals.

The weapons, which might be designed and built by the same countries which collaborate on European military aircraft ventures, could carry either conventional or nuclear warheads. The former might be sited in West Germany, Italy, and the Benelux countries—three countries which either already or have agreed to accept American cruise missiles. Nuclear-armed cruise missiles would only be based in Britain and France.

Such an idea would fit in with the SDP's insistence that Britain should maintain its own nuclear deterrent, while France for its own reasons might find the idea attractive. But, Dr Owen added, it could also help Europe's two independent nuclear powers to evolve a common nuclear strategy, and to widen those discussions to embrace West Germany as well.

The US might benefit, by being able to deal with a single European nuclear viewpoint within Nato. "It is an absurdity that France and the UK do not even discuss at present their own targeting strategies, or co-ordinate the patrol and refitting cycles of their submarines."

Dr Owen claimed that the development of a separate European security system would improve, rather than undermine, transatlantic defence co-operation. Nor did he waste the opportunity of his visit here (during which he also met Chancellor Helmut Kohl) to scotch the anti-nuclear unilateralist defence policy of the British Labour Party.

Were Labour to come to power, his policies would "trigger an earthquake within Nato." His commitment to close US nuclear bases in Britain, to decommission Polaris and cancel Trident, would have a devastating effect on opinion in the US, he said. "Hopefully, Labour will never be allowed to put such a policy into practice."

Underlying Dr Owen's advocacy of a European missile system is his belief that Britain, and for that matter Europe, no longer feel able to rely unconditionally on the US nuclear guarantee. "There is too much concern about successive US presidents' responses to the Soviet Union and Europe for that to carry conviction."

Soviet press taken to task over Chernobyl

BY PATRICK COCKBURN IN MOSCOW

SOME SOVIET press coverage of the Chernobyl disaster was intentionally miscasting, a Soviet commentator said yesterday in the strongest attack yet on the way the news of the accident was given to the Soviet Union and the rest of the world.

"Some reports and TV broadcasts were falsely optimistic, taking a 'no big deal' attitude," according to the widely-read newspaper Literaturnaya Gazeta. It accuses them of reporting the disaster as if it was "a practice alarm or a competition for fire fighters in a mock arena."

The criticism is important because the decision to abandon secrecy about Chernobyl a week after the disaster occurred appears to have been a watershed in the campaign by Mr Mikhail Gorbachev, the Soviet leader, for greater openness in the media.

Mr Yuri Sheherbak, a Ukrainian, writes that some Soviet newspapers have not learned to accept the new policy. "The rapid succession of events greatly reduced the time required for burning and hawing, for various kinds of co-ordinating and approval." The latter appears to be a reference to Communist party approval for articles considered in anyway controversial.

The slowness in reporting the news of Chernobyl has led to rumours spreading about all aspects of the disaster. According to the Communist daily newspaper Pravda, these include stories about round-the-clock sales of vodka with iodine

additives to prevent radiation sickness being available in Kiev. Pravda says that many of the problems resulting from Chernobyl can only be solved by the mass media. It says that press, radio and television should employ specialists on nuclear energy qualified to comment about the state of affairs in regions close to Chernobyl.

Meanwhile, the number of people who died as a result of the accident on April 26 has risen by one to 26, Mr Oleg Shepin, the First Deputy Health Minister, said yesterday. Another 10 people are in a critical condition. Diplomats, meanwhile, are discounting reports yesterday of a secondary wider evacuation from the Soviet republic of Belorussia to the north of Chernobyl. They say that a local newspaper account of the incident was referring to the original evacuation from the 30 km danger zone. A senior Soviet official said yesterday that 20,000 people had been evacuated in Belorussia.

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Public sector strike in Norway ends

By Fay Gjerster in Oslo

A TWO-WEEK-OLD strike in Norway involving teachers and other key groups of public sector workers ended yesterday when Mr Leif Haraldseth, the Minister of Labour, said the strikers' pay claims would be referred to the state wages board for compulsory settlement.

The unions had planned to escalate selected strike action over the next few days. Refuse collection would have stopped in many districts, and some airports in south west Norway would have been closed, hitting helicopter traffic to oil and gas platforms.

Mr Haraldseth said the escalation would have seriously disrupted vital public services.

N-plant blockade

Anti-nuclear militants blocked the main entrance to the new Brokdorf nuclear power plant in northern West Germany yesterday, AP reports. About 40,000 demonstrators are expected to converge on the plant this weekend.

W. German unemployment falls below 9%

BY RUPERT CORNWELL IN BONN

UNEMPLOYMENT in West Germany dropped below 9 per cent last month. But the labour market here still offers no real promise that this year as a whole will see the big improvement desired by the Government in the run-up to next January's general election.

According to the Federal Labour Office in Nuremberg, the total of jobless fell in May to 2.12m, or 8.5 per cent of the registered workforce. In April, the proportion stood at 9 per cent, and in May last year at 8.8 per cent.

However, Mr Heinrich Franke, the head of the Labour Office, explained that the improvement essentially reflected normal seasonal factors, as industries like building and tourism took on extra employees for the summer months. In real terms, progress since the start of the year has been very slow, he said.

The main reason for this has been the flat state of the economy in the early stages of this year. The Government continues to predict growth of 3.5 per cent or more for 1986, but first quarter gross national product figures, due shortly,

could show a decline from the levels of 1985. Mr Franke was hopeful, however, that growth would now pick up, and help reduce unemployment.

Other encouraging pointers last month were a further drop in the number of workers on short-time—by 62,700 to 153,000—and a rise in the number of notified vacancies to 169,500, up by 12,500 on April.

Hungary to receive Western satellite TV

BY LESLIE COLITT IN BERLIN

HUNGARY is to become the first East European country to receive programmes from a Western satellite television network.

Executives from Sky Channel, the London-based European entertainment television network, owned by Mr Rupert Murdoch, have completed negotiations in Budapest with the Hungarian authorities. The Hungarian Post Office will install the equipment needed to receive the scrambled television signal and Sky Channel broad-

casts could be viewed in Hungary within the next four months.

Reception at first will be limited to hotels in Budapest and other Hungarian cities, which until now have largely provided Hungarian television to their guests. It is expected that ordinary Hungarian viewers will later be able to subscribe and receive the Western programmes on community aerial systems.

A Sky Channel executive interviewed by Radio Budapest called the negotiations with

Hungary a "most important development" for the company. They opened the way for possible sales to other East European countries which are eager to improve their service to Western tourists. Sky Channel does not carry news or cultural programmes which East European governments might resent.

Hungary is the only East European country which has not objected to the possible beaming of television signals by Western broadcasters into its territory. Many Hungarians in the western part of the country receive Austrian television, which the Government regards as a good way for them to improve their German.

Most East Germans and many Czechoslovaks are able to receive West German and Austrian television, but their governments bemoan the impact on citizens who rely almost wholly on Western television and radio for their information.

Poland recently said its citizens would not be permitted to erect dish antennae to receive satellite television from West Germany and France.

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OVERSEAS NEWS

# Tamil lobby in US blamed for aid cuts to Sri Lanka

BY MERVYN DE SILVA IN COLOMBO

MR RONNIE DE MEL, Sri Lanka's Finance Minister, has blamed the Tamil separatist lobby in the US for the drastic cut in American aid to Sri Lanka this year.

When the World Bank sponsored aid consortium meets on June 19 in Paris, Mr De Mel told Parliament, Sri Lanka cannot expect more than \$50m in development and food aid. Last year was \$70m and it was a little over \$100m in 1980.

While the chief reason for the aid cut was the overall US budget policy, Mr De Mel said that in talks with senior US officials he had also been told that the Sri Lankan Government was only paying lip service to privatisation.

The US appreciated the market-oriented policies introduced by the

Jayewardene Government in 1978, but was disappointed with the "pace of privatisation." Despite committees and reports on privatising the tea plantations, telecommunications and transport services, nothing had been done.

Mr De Mel also told Parliament that Sri Lanka's increasingly strident appeals for US military help to fight the Tamil separatist insurgents, described by the Government as "Marxists", would not succeed because the US did not regard the island as militarily important.

The US does not also wish to antagonise India which is the mediator in Sri Lanka's bloody ethnic conflict. The official count of dead and injured in the month of May is 136 and 512 respectively.

Andrew Whitley reports on the remarkable transformation of a Lebanese port city

# Tyre prospers in wake of Israeli pullout

AMAL — the mainstream Shi'ite political and military organisation in Lebanon — has come a long way in recent years, judging by the strength of arms it is showing in Beirut and the bustling prosperity it has helped bring back to the southern port city of Tyre.

Shortly after the Israeli invasion of Lebanon — four years ago today — Tyre was reduced to a virtual ghost town of several thousand inhabitants. But 12 months after the Israeli withdrawal from Lebanon, Tyre and its surrounding region are experiencing a remarkable boom.

New shopping complexes and apartment blocks are being thrown up everywhere in Tyre, swelling the city to an estimated 75,000 inhabitants. Around the citrus groves of the nearby countryside, gaudy villas financed mostly by remittances from wealthy Lebanese expatriates sprout like hothouse flowers.

Citrus, the mainstay of the rural economy, is doing well this year, unlike 1985 when the security situation was so bad it could not reach market. Most of the crops of oranges, tangerines and grapefruit are pre-empted to middlemen for export by truck to Syria or Saudi Arabia.

In the traffic-choked streets of the city, a young gunman — a Kalashnikov in one hand — waves cars around piles of precious breeze blocks. Construction materials are in short supply — so much so that the sand from Tyre beach is said to be fast disappearing.

A Benetton clothes store has just opened in the city centre to cater to the fashion-conscious, next to a typical example of Lebanese ingenuity in overcoming collapsing public services: a privately-run telephone exchange hooked up — quite illegally — by a radio link via Beirut to the international network.

In the harbour, a car ferry disgorges its latest load of new and used cars. Between 700 and 800 a week are being imported through Tyre and, according to foreign residents, they are all snapped up within two hours of their arrival.

But tastes are apparently changing, at least in southern Lebanon, where the fondness of the ever-present car thieves for smart BMW and Mercedes saloons, small Japanese and French models are nowadays the best sellers.

Helping the trend towards less flashy and more economical



Israeli troops pulling out of southern Lebanon in April 1985

cars is an acute shortage of petrol, apparently a result of the Lebanese government's inability to get any more credit from its brother Arab oil producers.

Over the past 10 days the shortage in the south has become critical. Petrol stations are besieged by crowds of frustrated, angry drivers forced to wait up to 12, or even 24, hours to fill their tanks.

Founded in 1975 as a type of home guard for the poor Shi'ite villagers of the south, Amal claims the support of between 80 and 90 per cent of the population in the Tyre region.

It likes to think it runs a tight ship. In ironic contrast with Beirut, where the Shi'ite militia has been on the offensive, it boasts about the peacefulness of Tyre since the Israelis withdrew. A bank robbery last week carried out by Amal members was the first in the city for many years.

The Shi'ite militia, the most

powerful local force in southern Lebanon, has only attempted, though with only partial success, to impose stricter Islamic morality on the region under its control.

Traditional gambling in coffee houses together with the sale of consumption of alcohol has been banned for the past year, stirring up local resentments. However, it was forced to back-track on a similar, Iranian-inspired attempt to prohibit mixed bathing in Tyre.

Asyallah Khomeini's influence is certainly visible. His portrait scowls down on main squares and the entrances to the city, along with that of Imam Musa Sadr, the missing spiritual leader of the Lebanese Shi'ites.

Quite a few young women can be seen wearing the chador, the all-enveloping black robe favoured in Iran although Hizbullah, the Iranian-backed fundamentalist group trying to make inroads into the region, is accused of paying women to wear it.

A conservative tide may be running through southern Lebanon. But Tyre, the ancient biblical city of the Mediterranean coast, remains defiantly secular and materialistic — and it is evidently prospering.

# Keating shines at home and abroad

By Emilia Tagawa in Canberra

OUTSIDE AUSTRALIA, the Federal Treasurer, Mr Paul Keating, has won accolades as one of the Western world's best finance ministers for having engineered Australian banks' successful entry into the international financial community.

Snug in his expensive tailored suit, silk tie and gold cufflinks, he could be a such merchant banker giving no hint to outsiders of the rough and tough style of his politics.

At home, Mr Keating is the second most powerful political figure next only to the Prime Minister, Mr Bob Hawke. His ambition for the country's top job has never been a secret, and so one, not even Mr Hawke, has taken him to task for it in the face of his manifest intellectual edge, a gift of the gab and his persuasive talents. Among the cabinet and politicians, he shows prime ministerial timber.

He has been the proverbial horse to Mr Hawke's carriage — as a team they have thrust the languishing Labor Party back into political dominance. After taking power in March 1983, they boldly cruised through radical political and economic reforms. A true believer in the free market, Mr Keating successfully



Paul Keating—bold and ambitious

dragged the party into such an-Labor morass, as the deregulation of the banking sector and the foreign exchange markets, the end of the Australian dollar and an accord with the trade unions which helped restrain the balance on which their partnership stands.

The pragmatic Mr Keating's determination to meet economic problems head-on, with little regard to political costs, has dashed with Mr Hawke's resistance to the moves that could lose votes. The verbal tussle that has ensued has pushed the party's rating down the popularity charts. Party members are now seriously concerned unless the Hawke-Keating rift is patched, or unless the economy makes a miraculous turnaround, the party would be hard-pressed to win the election, scheduled for 1988.

Both men seem to have realised the seriousness of the problem. In the parliament yesterday, Mr Keating said he and Mr Hawke have designed solutions to economic problems which are now shared by all colleagues in the cabinet. Speaking in "appropriate humility" he heaped praise on the bilateral partnership with the Prime Minister, Mr Hawke, in the same session, endorsed this claim.

However, Mr Keating still has to reconcile his parliamentary statement with his stated policy desires. These include further wage restraint on the part of the unions, substantial cuts in spending on the part of the federal and state governments and delays in the implementation of government promises such as the A\$2bn (2963m) income tax cuts and the labour productivity pay increment.

But all these are politically dangerous and Mr Hawke's knee-jerk reaction, prior to yesterday, was to rebuff them. He called off a meeting which Mr Keating had scheduled to proffer the formula to the various groups involved. Mr Hawke wanted to buy time and gauge the political pulse before prescribing Mr Keating's medicine.

But yesterday's peaceful overtures notwithstanding, questions have now been raised on whether the latest row with Mr Hawke would dent his confidence and lead Mr Keating out of politics and into the more lucrative world of private enterprise where he has been successful in real estate deals and antique deals.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE  
ANGLO ENERGY LIMITED  
ANGLO INDUSTRIES, INC.

IN REORGANISATION PROCEEDINGS  
Case No. 83B11614 (Involuntary Chapter 11) Filed 10/20/83

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PLEASE TAKE NOTICE that the United States Bankruptcy Court for the Southern District of New York, Southern District, in re Anglo Energy Limited, Anglo Industries, Inc., a corporation organized under the laws of the United Kingdom, and Anglo Energy Limited, a company organized under the laws of the United Kingdom, Chapter 11 reorganization proceedings, Case No. 83B11614, filed 10/20/83, is now pending in the United States Bankruptcy Court for the Southern District of New York, Southern District, in re Anglo Energy Limited, Anglo Industries, Inc., a corporation organized under the laws of the United Kingdom, and Anglo Energy Limited, a company organized under the laws of the United Kingdom, Chapter 11 reorganization proceedings, Case No. 83B11614, filed 10/20/83.

PLEASE TAKE NOTICE that any proof of interest or proof of claim required to be filed pursuant to the provisions of the Order and not filed prior to June 30, 1986 shall be forever barred from assertion against the Debtor and the holder of the interest or the claim that is forever precluded from participating in any distribution of the Debtor's assets, and will cease to have any right to receive stock of the Debtor or any successor company to the Debtor in exchange for their Proofs of Interest or to receive any dividend or distribution declared or to be declared relating to the Debtor's Company interests, any common stock of the Debtor or the common stock of any successor companies to the Debtor.

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# Army deploys as Beirut camp battles rage

HEAVY artillery and rocket fire took fighting at Beirut's Palestinian refugee camps into a third week yesterday as troops and police deployed to restore order to nearby streets ravaged by battling Lebanese militias, Reuters reports from Beirut.

The camps fighting is very heavy. It flared up this afternoon and now they are using all the big guns," said a witness as the three camps shuddered to deafening exchanges between Palestinian fighters and Syrian-backed Shi'ite Muslims.

Security sources had no immediate word of casualties yesterday but said at least seven people were killed yesterday, taking the death toll in the 15-day conflict to about 80.

An 80-man force of troops and police, meanwhile, deployed near the Sabra refugee camp in a bid to contain streets seized from Sunni Muslims by the powerful Shi'ite Amal movement.

"Gunmen seem to have and troops are patrolling in vehicles," said a resident of the Tariq Jideh area.

But he said tension was high after two cars owned by former Sunni prime ministers Mr Rashid al-Solh and Mr Takiyeddine al-Solh were blown up in Tariq Jideh yesterday morning and gunmen raked the latter's house with automatic fire. No casualties were reported in the incidents.

Amal, ringing the camps to prevent a revival of Palestinian military power, broke off from the confrontation two days ago in a bid to challenge from the Tariq Jideh-based "February 6 Movement," a Sunni militia led by Palestinian sympathisers.

Mr Nabih Berril, Amal leader, threatened to execute any of his men found looting, but residents said unidentified gunmen raked numerous households and shops for booty.

# EEC to raise food aid to Bangladesh

THE European Economic Community is likely to raise its food aid to Bangladesh from the present level of about 140,000 tons a year.

Mr Eduardo Volpi, director of EEC external relations said yesterday, AP reports from Dhaka. Mr Volpi led an 18-member delegation to the eighth meeting of the EEC-Bangladesh joint commission. He did not say how big this increase would be.

The Bangladesh side, led by Commerce Secretary Mr Gritum Mostafa, asked that EEC food aid be nearly doubled, to more than 240,000 tons a year.

Mr Volpi said his talks with Bangladesh officials also focused on trade promotion, increased project aid and expansion of industrial, scientific and energy co-operation.

# UAE banks go to court to recover bad debts

BY ANGELA DIXON IN DUBAI

BANKS IN the United Arab Emirates (UAE) have been suing to the courts in a bid to recover some of the bad debts which have been a major headache for the past two years. Non-performing loans in the UAE are estimated at close to \$3bn.

Many debtors are refusing to pay all, or in some cases, any, of the accrued interest on loans and overdrafts. In the absence of any formal system of binding precedent, observers are watching closely the judgments of the courts. In nearby Saudi Arabia, interest payments have frequently been judged to be illegal.

A new twist was given to the interest repayment question in a recent case which hinged on the interpretation of the Federal Civil Transactions Code which came into effect on March 31, this year. A local bank in Abu Dhabi sued a customer for recovery of principal and interest on a debt.

The defence based its case on an article in the code, according to which any provision for benefit to a lender over and above security is invalid. The defence argued that this means that interest was not payable.

The judge in the lower court where the hearing took place, found in favour of the bank on the grounds that the code does not cover commercial trans-

actions. Since one of the parties to the agreement was a bank, and therefore a commercial entity, or merchant, the transaction was a commercial one, according to the judge.

The case is likely to go to appeal, and banks can be expected to watch the outcome with some concern.

In Abu Dhabi and Sharjah, it has been common practice for courts to set up a panel of experts to decide retrospectively what is a fair rate of interest in individual cases, and the calculation allows only for simple interest.

Many lawyers in Abu Dhabi are advising their bank clients to recalculate debts on the basis of 12 per cent simple interest, since that is the most which in practice the courts have been allowing.

In Dubai, on the other hand, compound interest does seem to be allowed, and the interest calculation procedure does not adhere strictly to the 12 per cent rule.

For the past year or so, the Dubai Court of Appeal has apparently been recommending to panels of experts that they should calculate interest on the basis of the average market rate charged during the life of the account and based on official figures compiled by the central bank.

# Sikh widow charged

Police charged the widow of Indira Gandhi's assassin with murder yesterday for alleged murder of a leading Sikh militant on a ramp through the Golden Temple in which a guard was stabbed to death, AP reports from Amritsar. Mrs Bimal Kaur Khalsa, the 35-year-old widow of Beant Singh, said 90 others were charged with murder, attempted murder and rioting.

# Dividend up 25% for second successive year.

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## Company Notices

### Gencor Group Gold Mining Companies

#### DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies, payable to members registered at the close of business on 20 June 1986.

The registers of members of the companies will be closed from 23 June to 4 July 1986, both days inclusive. The dividends are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 25 July 1986, or the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 8 August 1986.

In the case of non-resident shareholders, taxation of 15 per cent will be deducted.

The full conditions of payment may be inspected at, or obtained from, the London office of the companies or the offices of the transfer secretaries.

Dividends on shares included in share warrants to bearer of West Rand Consolidated Mines Limited, will be paid in terms of a notice to be published as soon as practicable after the currency conversion date.

The companies mentioned are incorporated in the Republic of South Africa	Class of share/stock unit	Dividend No.	Description	Amount per share/stock unit (cents)
Beatrix Mines Limited Company No. 121218/06	Ordinary	2	Interim	16
Buffalo Mines Gold Mining Company Limited Company No. 282393/06	Preference	58	Final	500
Merrivale Consolidated Mines Limited Company No. 55/0677/06	Ordinary	82	Interim	25
31 Helens Gold Mines Limited Company No. 231207/06	Ordinary	62	Interim	100
Stellenbosch Gold Mining Company Limited Company No. 55/0677/06	Ordinary	64	Interim	115
The Groenvald Proprietary Mines Limited Company No. 01/0248/06	Ordinary	96	Interim	80
West Rand Consolidated Mines Limited Company No. 01/0197/06	Ordinary	108	Interim	20

Note:  
Chemvas Limited, the company in which Stellenbosch and Buffalo Mines hold 50 and 20 per cent share respectively, declared an interim dividend of 75 million.

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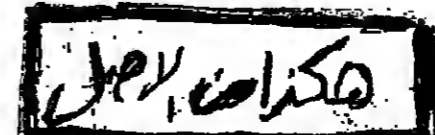
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AMERICAN NEWS

Senate likely to pass tax reform bill soon

BY REGINALD DALE, US EDITOR IN WASHINGTON

CONGRESSIONAL LEADERS yesterday predicted that the US Senate would quickly pass sweeping changes in American tax laws with a rare degree of bipartisan unanimity.

While some of the bill's supporters are afraid that the whole exercise could start to unravel if the Senate starts trying to amend it, others insist that they will not simply endorse it with a rubber stamp.

The bill, which would ban new US investment in and loans to South Africa, faces a much less certain fate in the Senate, which has traditionally been much more reluctant to impose tough economic sanctions.

Bankers hope for Bolivian debt pact

By Peter Montagnon, Euromarkets Correspondent

BOLIVIA'S creditor banks hope to conclude an agreement next month on a short term rollover of the country's outstanding \$680m (\$499m) in bank credits.

The deal with the banks would put Bolivia's debt on an orderly contractual footing for the first time since 1984 when it halted interest payments to creditor banks.

Nonetheless senior bankers warned yesterday that even agreement on a modest restructuring, to one-year rollover, would be hard to reach and no date has yet been set for talks to begin.

Two main problems facing the talks are the question of how to treat \$150m of overdue debt service which was halted when interest payments were suspended in 1985.

The agreement with the IMF requires, however, that Bolivia should make significant progress in sorting out its problems with creditors.

The strategy being adopted by the committee of main bank creditors, which is chaired by Bank of America, is to go for an interim rollover of maturing debt with a view to negotiating a more permanent package once the IMF programme has had time to take hold.

Even though Bolivia is one country listed as eligible for help under the so-called Baker plan, there is no question of bank providing cash credit for the time being.

Prospects fade for Central American peace treaty

BY ROBERT GRAHAM IN PANAMA CITY

HOPES of signing a Central American peace treaty today have been all but abandoned by the 13 Latin American countries involved.

The US-supported countries in the Central American—Costa Rica, El Salvador, Guatemala and Honduras—have not made up their minds how to treat the Marxist Sandinista regime in Nicaragua.

It is still not clear whether foreign ministers from all 13 countries will attend what is scheduled to be a one-day meeting. They have three options: declare the Contadora process moribund; press for a reduced and less binding treaty; or keep the Contadora process alive in some form.

No one seems willing to take the blame for killing off Contadora. Equally, the idea of a reduced and less binding treaty finds little enthusiasm among the majority of the countries.

This leaves the weak but more diplomatically acceptable alternative of ignoring the self-imposed deadline and continuing the process of negotiation.

The deadline itself was the result of a stormy and inconclusive meeting in Panama and was an attempt to pressure the five Central American countries into making concessions which they had refused to do in three years of negotiations.

Yesterday the Panamanian Foreign Minister Jose Amado said: "I do not believe that

US textile industry rallies against imports

DESPITE WEAK profits last year, the US textile industry is making some dramatic changes to fight growing competition from imports.

The changes, which included acquisitions and abandonment of markets most directly in competition with imported goods, helped eliminate excess manufacturing capacity and combine the market strengths of different companies.

But the study said textile imports were not the main problem for the industry last year, but retail stores holding too many clothes in stock were to blame.

The study called 1985 the worst year for the domestic textile industry since 1974-75. The 38 public trade companies showed a decline of \$169m (£114m) in 1985 profits, or 44 per cent in after-tax income, compared to 1984.

The research company said there were 80 public companies in its textile profile in 1971, compared to the 38 in 1985.

The study said a similar trend is seen in the country's public apparel companies, which suffered a 14 per cent drop in profits last year, although sales increased by 7 per cent.

Californians decide Zschau's time is now

BY LOUISE KEHOE IN SAN FRANCISCO

SILICON VALLEY supporters are celebrating the election this week of one of their own as California's Republican candidate for the US Senate.

Congressman Ed Zschau who has led efforts to promote the interests of California's high-tech industries in Washington over the past four years, won a resounding victory in state-wide elections, proving that the political power of hi-tech is on the rise.

A Silicon Valley entrepreneur, former Stanford University business professor and self-made millionaire, Mr Zschau, won a majority vote in almost all counties of northern California, but was defeated in Los Angeles and surrounding counties by a more conservative candidate.

Known as a "liberal" Republican, Mr Zschau has the support of many electronics industry leaders who contributed generously to his \$3.5m (£2.2m) primary campaign, one of the most expensive of the money spent on television commercials that began by explaining how to pronounce the candidate's name—"like in now."

Now Mr Zschau is seeking \$10m to \$12m in funds for his campaign against incumbent Democratic Senator Alan Cranston who is seeking election for a fourth term. With Republican control of the US Senate at stake in the general election this November, both parties are expected to lavish funds on the California contest.

Mr Zschau has cast himself as a "new wave Republican"—conservative on economics but moderate on social and foreign policy issues. He is expected to prove to be a strong candidate against Senator Cranston, attracting some Democratic votes as well as those of Republicans and independents in a state where party loyalty gives way to support for personalities and issues.

Argentine defence minister resigns over kidnap case

BY TIM COONE IN BUENOS AIRES

THE resignation this week of the Argentine Defence Minister, Mr German Lopez, was due to political disagreements with the members of President Raul Alfonsin's cabinet rather than for his earlier stated reason of ill-health.

Mr Lopez later said that the handling of the investigations into the kidnaping last year of a wealthy industrialist, Mr Orlando Sivak, lay behind his resignation.

Mr Lopez complained about the apparent involvement of military and security officials in extortion rackets, and the official sanctioning of a "free-lance" investigation team to trace the missing industrialist. The possible misuse of public funds in the case is under investigation.

Over the past month, both Mr Lopez and Mr Antonio Troccoli, the Interior Minister, have faced intensive questioning from opposition and ruling party representatives in the Congress over the kidnaping.

Mr Lopez was to have faced a further series of questions in Congress this week. He said that he had disagreed with Mr Troccoli over the use of an unofficial investigation team in the Sivak case.

Mr Sivak had previously been kidnaped in 1979 and his kidnappers demanded \$3m ransom. After his release he publicly stated that his kidnappers had been members of the intelligence service. Mr Sivak is still missing following his second kidnaping in 1985.

Nasa begins series of organisational changes

BY NANCY DUNNE IN WASHINGTON

NASA, the US space agency, has embarked on a series of management and organisational changes designed to improve its performance.

The changes include the restructuring of NASA's headquarters in Washington DC and the various field centres, which have reportedly developed into individual "fiefdoms."

Several other Marshall engineers have been re-assigned and the management personnel, who over-ruled the Morton Thiokol engineers trying to prevent the Challenger flight, have also been transferred or retired.

Morton Thiokol is the manufacturer of the booster rockets believed to have caused the Challenger explosion.

Dr James Fletcher, the new Nasa administrator, has brought in Mr Samuel Phillips, head of the Apollo programme from 1964 to 1970, to study the entire Nasa organisation.

Mr Phillips has been asked to examine the relationship between the Nasa headquarters in Washington DC and the various field centres, which have reportedly developed into individual "fiefdoms."

WORLD TRADE NEWS

Italian aerospace industry suffers decline in exports

BY JAMES BUXTON IN ROME

THE RECENT BOOM in Italian exports of aerospace products has peaked, it became clear yesterday. Aerospace exports fell last year, having grown only slowly in 1984.

The Association of Aerospace Industries in Rome yesterday stated that exports in 1985 totalled £2,400m (£1,020m), compared with £2,500m in 1984.

The 1984 result already represented a slowdown of the rate of growth of exports, since it was barely an improvement, taking into account inflation, on the 1983 figure of £2,300m. In 1981, however, exports were only £1,530m.

Italy still had a substantial trade surplus on aerospace products in 1985. Imports amounted to only £740m, leaving a margin of £1,660m.

Exports accounted for 83 per cent of total turnover by the industry, whose sales amounted to £2,500m. Aerospace employs 43,300 people in Italy. It is particularly important as being one of the country's relatively few sectors that makes advanced technology products.

At yesterday's conference of the Association of Aerospace Industries, Mr Fausto Cereti, who is vice-chairman of Aer-

Skirmishes not unusual says Yeutter

US TRADE disputes with Canada, Europe and others were only skirmishes and did not amount to a trade war, Mr Clayton Yeutter, US Trade Representative, said yesterday.

"There are a lot of skirmishes going on now, more than any time we've had in many years," Mr Yeutter said on US television.

"That's not unusual when world trade is so big," he said. "So I really don't think we're anywhere near a trade war either in Canada or Western Europe."

Mr Yeutter indicated that Washington planned no more actions in a dispute over wood products with Canada, saying "there really isn't any basis for a continuation of the debate."

The US has restricted imports of Canadian cedar shingles, saying they made up over 70 per cent of the US market. Canada has put restrictions on US wood products.

"The next move probably is ours," he said. "But I suspect the best thing we can do with that is right now is let everyone calm down for a while."

However, he said America would renege on July 1 as threatened if the European Community did not give trade benefits to offset the damage of European restrictions on US grain shipments to Spain and Portugal.

US squares off with trading partners

Nancy Dunne reports on conflicts which are threatening the world trading system

THE volcanic pressures built up under President Reagan's trade policy are now spewing out in a series of skirmishes. The White House is hoping to avoid full-scale devastation by allowing a few minor eruptions.

To the north are rumblings of deep trouble with Canada, the US's largest trading partner. Just one day after preliminary talks began on an ambitious and difficult attempt to negotiate a free trade agreement, the President personally imposed a five-year tariff on Canadian cedar shakes and shingles, an action which set off the worst trade row between the two neighbours in years.

Across the Atlantic, the US and the EEC are facing off over agriculture trade, a seemingly intractable, long-brewing battle marked by intermittent truces, pleas for reason and a total lack of ideas on how to resolve the problems of plenty.

It is rare for the President to be accused of holding a centrist position. But he is under fire from all sides for, on one hand, failing to reduce the \$150m (£101m) trade deficit and on the other, for having the most protectionist Administration in 40 years—having restricted steel, vehicles, textiles and apparel, sugar and, most recently, seeking to limit machine tool imports.

This is an Administration which deals largely in image and to its detriment, there is a widespread perception in Congress and the manufacturing sector that the US is a dupe

Turkey removes levy on EEC steel imports

TURKEY has removed a 5 per cent surcharge on a list of imports from the European Community, following the signing two weeks ago of an agreement on Turkish textile exports to the EEC, writes David Barchard in Ankara.

The goods involved are a range of iron and steel exports and some plastic raw materials. The levy was introduced in the spring of 1982 as a counter-measure after the community slipped quota restrictions on Turkish textile exports.

The President's move seemed ill-timed, but he was acting on a recommendation for industry relief by the International Trade Commission (ITC) and the deadline for a decision was just two days later. Canada is retaliating with duties on US books, petroleu, computer parts and semi-conductors—an action criticised as petty by its own trade hawks but unlikely to set off a US counter-retaliation.

Officials on both sides of the border are trying to ease tensions. President Reagan on Tuesday wrote a private note to Prime Minister Brian Mulroney apologising for having failed to notify him in advance of the decision to impose duties on cedar products. Yesterday Mr James Baker, the Treasury Secretary, was at pains to call the dispute an "irritant" which would not affect the free trade talks.

But there is a long list of potential irritants, including

fish, cement, hogs, steel, vehicles, grain and even raspberries. Michigan Governor James Blanchard is campaigning against the Canadians' offer to waive import duties for Japanese companies if they promise to build factories for their vehicles and parts in Canada.

The Canadians are furious about US subsidies of barley exports to Saudi Arabia under a congressional export enhancement programme. The ITC added fuel to their ire on Monday by imposing duties of up to 41 per cent on Canadian steel products used in gas and oil wells and bridges to be dumped in the US market.

The US dispute with the EEC has intensified ever since the accession of Spain and Portugal to the Community and the resulting limitations on US grain sales.

Informal consultations resumed in Geneva over the higher duties imposed on US maize exports to Spain and US farm leaders began a European tour to demand compensation for the enlargement in the form of a duty free quota for 13.5m tonnes of American grain.

Representatives of the five major grain-producing nations meeting in Canada this week failed to reach any agreement on solutions for surplus and falling prices as US and EEC officials vowed there would be no let-up in their aggressive marketing strategies and use of subsidies. Meanwhile, the US trade surplus for agriculture is slumping towards its lowest level since 1973.

The Democratic policy council, anxious to capitalise on the unrest in the farm belt, issued a statement

China to buy smelter stake

BY PATRICIA NEWBY IN MELBOURNE

CHINA is expected to complete its purchase of a 10 per cent share in Alcoa's aluminium smelter in Portland in Victoria, Australia, before the end of this month.

The deal was to have been finalised during a recent two-week visit to China by Mr John Cain, the Victorian Premier, but details of the finance package being put together by nine banks was not completed in time.

In what is believed to be China's highest single foreign investment, the China International Trust Investment Corporation (Citic) will pay \$3110m (£51m) for the share in Portland, which is due to come on stream later this year with an initial annual capacity of 300,000 tonnes.

Citic's share of the smelter's output must be taken in aluminium and marketed by the Chinese. The Chinese will be entitled to 15,000 tonnes of aluminium in 1987 and 30,000 tonnes a year when the second pitline is completed in 1988.

The Citic funding package is a 12-year project finance facility based on a leveraged (tax-based) structure involving both debt and equity.

The banks involved are Bankers Trust Australia, the Australian Industry Development Corporation, the ANZ banking group, the Commonwealth Bank of Australia, the Long Term Credit Bank of Japan, the Bank of Tokyo, Barclays Bank, the National Australia Bank and the State Bank of Victoria.

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The Democratic policy council, anxious to capitalise on the unrest in the farm belt, issued a statement

condemning "The Reagan revolution, Reaganomics, market-oriented Americanism and Hooveromics" which result in "devastation and turmoil" for the farmers and their communities.

US relations with Brazil are not so politically charged, but the Administration can expect some difficulty there as well. US support of World Bank loans to expand agricultural production in Brazil is controversial in Congress and the White House has ordered a list of retaliatory options because the Brazilians have refused to open their markets to small arms and computers.

The US Export-Import Bank, which finances exports, was forced to offer low-cost credit to help US suppliers bid on domestic power projects contracted under subsidised Brazilian competition. Mr John Bohn Jr., Eximbank chairman, complained that while Brazil is trying to win American business with subsidised exports, it is ignoring arrears of \$200m on its loans from Eximbank.

The US troubles with Japan keep multiplying. This week the trade representative complained that Japan has reneged on a promise to open its markets by denying foreign companies a chance to bid on a new \$2bn international airport. Meanwhile, the Japanese are complaining because the US customs service has intensified its surveillance of Japanese steel exports.

The Administration manoeuvres and bends when it must, all the while hoping new rules and new American markets will relieve the strains before the trading system collapses.

Brazilian industry soars

BRAZIL'S industrial output surged by a record 19.6 per cent in April over the same month in 1985, according to government figures published yesterday.

Although the rise was accentuated by the effect of strikes on production in April last year, the new figures represent the rapid growth evident in production since the start of 1985, the Brazilian Geography and Statistics Institute said.

Meanwhile, the motor manufacturers association ANFAVEA said with a 46.9 per cent above the first five months of the year same 1985 period. Production rates had recovered to the 1.1m units per year, peak level reached in 1980.

Lockheed offshoot and BAe link-up on airliner design

A BOOST in sales of the British Aerospace BAe 146 four-engine regional jet airliner could occur following an agreement between BAe and Lockheed-Georgia Company, of the US, part of the big Lockheed aerospace group, to study new versions of the aircraft, both civil and military.

Lockheed-Georgia is the world's biggest builder of cargo and military transport aircraft, with production of the C-130 Hercules (over 1,750 sold), the

C-141 Starlifter and the C5 Galaxy transports.

A memorandum of understanding establishes working groups within both companies to develop suitable future designs. To the 146, and to study the needs of both military and commercial customers worldwide.

The BAe 146, a high-winged, four-engine 80-100 seat jet airliner, is seen to have considerable potential as a rear-loading cargo transport.



# THE MANAGEMENT PAGE

IN THE PAST 12 months, Mario Schimberni, the maverick chairman of Italy's Montedison chemicals group, has completed five years of industrial restructuring and a huge management reorganisation. He has now succeeded in returning the Milan-based company to profitability after a decade of losses which total around \$2bn.

The 1980-1985 restructuring, which saw the group reduce its workforce by 35,000 to 60,000, sell off hundreds of millions of dollars of assets and replace dozens of middle and senior level executives, represents one of the biggest turn-around stories in Italian industry.

To a certain extent the recovery of Montedison, Italy's second biggest private sector company after Fiat, was part of a general trend in corporate Italy. Yet last year, Schimberni went well beyond the rest of Italian industry by winning a hotly contested takeover battle for BI-Invest, a Milan financial and industrial conglomerate. In doing so, he gained the wrath of Gianni Agnelli, the Fiat chairman and uncrowned leader of Italy's traditional private sector elite.

Agnelli and his allies, such as Leopoldo Pirelli of the tyre company, were at the time Montedison's largest single shareholders — and they felt Schimberni went past his brief. In Italy, the kind of stock market takeovers which are the daily bread of Wall Street were simply not considered correct. A tightly woven network of corporate power kept "big industry" in the family. As a result, the bitterness which developed between Schimberni and the Agnelli-led establishment would be hard to overstate.

Only now are the reasons behind what amounted to a palace coup inside Italian capitalism finally becoming clear. Schimberni has a bold blueprint for a radically different Montedison up his sleeve. The plan calls for Montedison, the world's seventh largest chemicals group with a \$8bn annual turnover, to reduce its involvement in a mature base chemicals market and to seek growth instead in the less developed areas of health care and financial services. BI-Invest plays an important part in that scheme.

If Schimberni has his way, Montedison will be turning its 290-outlet Standa department store subsidiary into the Sears Roebuck of Italy. He wants to sell insurance, consumer credit, shares and bonds, unit trusts, real estate, travel agency products and a variety of other financial services through Standa, Italy's largest store chain. He also wants to become

## Diversification strategy

# Montedison blueprint for a new look

Alan Friedman analyses the Italian group's change of focus

MARIO SCHIMBERNI is becoming an increasingly visible protagonist on the Italian corporate scene. The softly-spoken 63-year-old is clearly enjoying the role, despite his reticent image.

In recent television appearances he appears to be revealing in the freedom he has achieved as the head of a public company which is no longer controlled by the share-holding consortium led by Fiat.

Born in Rome, Schimberni trained as an economist at the university there, graduating in 1945. He was an academic at the university until 1954 before joining

various textile and chemicals companies. In 1970, he became general manager of Suisa Viscosa, the man-made fibres concern. In 1975, he was hired away by Suisa's competitor, the Montedison man-made fibres subsidiary of the Montedison group.

Schimberni served as chairman of Montedison until 1977, when he was made vice president of the Montedison group in finance. In 1980 he became chairman and chief executive of the then loss-making company. President Sandro Pertini gave

Schimberni the Italian equivalent of a knighthood last year.

Schimberni is not only throwing his weight about in the corporate scene, but together with his wife, Angela, is also active on the social circuit, in Rome and Milan.

Although the Italian press tends to describe Schimberni as having close ties with the Socialist Party of Prime Minister Bettino Craxi, the Montedison chief maintains that this is untrue. "I am not a member of any political party," he says, "but I certainly think there is nothing wrong with lobbying government officials in Rome."

a leader in marketing private pension fund schemes for companies, an idea which has no precedent in a country which only knows a financially crippled state pension system.

"Montedison is a diversified chemicals company and we are entering a post-industrial phase. We are in a transition phase and in my view you are seeing changes in what remains fundamentally a chemicals group," explains Schimberni.

The diversification will not come cheaply, however. Very substantial investment will be needed by the company which, despite a considerable degree of recovery, is still saddled with a heavy debt burden. The company's strategic planners produce statistical forecasts which show an uninspiring annual average growth rate of 3.4 per cent in the chemicals sector between now and 1993, underscoring the urgency of Schimberni's search for higher growth sectors.

Less than a mile away in downtown Milan, one of the city's leading stock market analysts shrugs off the notion that there is anything odd about the Schimberni plan. "He has understood that there was nothing much to do in base chemicals, which today represent a third of group turnover and will be shrinking considerably in the next few years. Schimberni has succeeded in changing the strategic focus of a big bulk

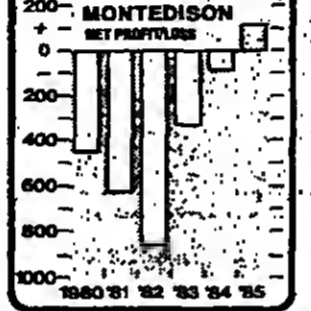
chemicals group to services," says the analyst. So how does Schimberni expect to implement his vision of a Montedison which in five years' time would be 50 per cent broadly chemicals, and 50 per cent in other areas? To understand the plan one needs to look first at Montedison's structure.

A third of group turnover comes from base chemicals, petrochemicals, fertilisers and man-made fibres. Energy, managed by the SELM subsidiary, which has substantial oil and gas holdings, accounts for a fifth of total revenues. In recent years some of the least profitable base chemicals and petrochemical assets, have been disposed of and the group has nurtured its activities in the more value-added specialty plastics and fine chemical businesses, which today represent about 17 per cent of turnover. While the company says it is doing all it can to exploit special market niches, other European chemical companies are following more ambitious strategies in this direction.

Pharmaceuticals, including the profitable anti-cancer drugs division, are grouped in the Erbamont Health Care division, which is quoted on Wall Street and makes up only 10 per cent of total revenues. Finally, there is the services division, called META, which consists of the Standa retail chain, civil

engineering, minor information technology interests, and the various financial services activities which were acquired with BI-Invest. This grouping accounts for 20 per cent of turnover.

The idea is to alter the turnover mix in chemicals and pharmaceuticals which together total 60 per cent of group sales. Erbamont is planning a \$200m bond issue (convertible into equity) on the US market and hopes to make some hefty



acquisitions between now and early next year. By 1991, the Schimberni plan calls for health care to represent around 30 per cent of total revenues.

"Over the next five years we also have to change our geographical mix so that 30 per cent of our manufacturing will be outside Italy (as opposed to 15 per cent today) and exports



will represent 55 instead of 45 per cent of Italian-based manufacturing in the new areas we enter," he says. "We want to be a market leader or co-market leader," says Schimberni.

Then, there is the financial services business. BI-Invest includes two of Italy's newly authorised and booming unit trusts, a 25 per cent stake in, and effective control of, La Fondiaria, the third largest Italian insurance group, plus commercial property, leasing, factoring and securities trading businesses.

Giuseppe Garofano, managing director of the META Services subsidiary, the lynchpin of Montedison's new strategy, sees plenty of scope for taking advantage of industrial contacts in building the services area. "Our industrial suppliers can become our clients for factoring, leasing and pension funds as well. Our pension funds-related portfolio management and unit trusts might well total several billion dollars in five years' time," he says.

Garofano also plans to employ the little-used Standa credit card as a base for the development of a point of sale plastic card which would allow Standa customers to get credit and buy financial services. The point of sale card—which Schimberni conceives will need to be backed by substantial investment in software—would be integrated with another

Montedison scheme, becoming one of Italy's biggest petrol station owners. In recent years Montedison has quietly been buying up independent petrol stations and says that within 18 months it hopes to double the number of stations owned to around 800.

Montedison reckons that a uniform credit card could be introduced for use both in Standa stores and also at petrol stations. This all sounds wildly ambitious but Schimberni is convinced it can be done.

However, the big obstacle between Schimberni and his brave new Montedison is financial. The company remains saddled by heavy indebtedness. Last December, the debt burden was L5,066bn (\$3.2bn at current exchange rates) or twice shareholders' funds. Here, too, the self-confident chairman reckons he has the answers. Total debt will decline to L3,000bn by the year end, or significantly closer to a 1:1 debt-equity ratio, he says.

Montedison has in recent months announced plans to raise L1,600bn (\$1bn) from rights issues on the Milan bourse by the year-end. The issues scheduled will include a L550bn offer for Montedison itself, plus others for a string of quoted subsidiaries.

Schimberni, unlike most of his counterparts in Italian finance and industry, has been consistently uncritical of the

## Management abstracts

Assessing country risk and Opportunity. M. Perloff. In Long Range Planning (UK), Aug 85 (154 pages). Explains how the established technique of portfolio analysis can be applied to countries (rather than products) by comparing the growth rate of the gross domestic product with the competitive position measured by share in world exports.

Why Expert Systems Fail. M. Z. Bell in Journal of the Operational Research Society (UK), July 85 (61 pages). Lists difficulties (and solutions) experienced in the use of "expert systems," starting with communication with the expert, and covering design (e.g. the system only knows what it is told, and so can jump to hasty conclusions) and snags in implementation (e.g. legal liability for an incorrect diagnosis).

A defence of employee rights. J. R. Des Jardins & J. J. McCall in Journal of Business Ethics (Netherlands), October 1985 (10 pages). Points out that employee rights (in the sense of their basic moral rights) are possessed independently of contractual agreements with employers or of government legislation; suggests that this will become a critical social issue for US corporations in the next decade, as heralded by public interest in worker safety which gave rise to health and safety legislation. Defends the concept of employee rights (in the non-contractual sense) against arguments arising from the right to liberty (generally from employers), the operation of a free market economy, and costliness.

Organisational growth: big is beautiful. D. R. Dalton and I. F. Keshor in The Journal of Business Strategy (US), Summer 85 (10 pages). Discusses whether "bigger really is better"—that, though corporate expansion is not necessarily accompanied by financial performance, the larger corporation does enjoy many advantages. Argues that size can often be a major competitive advantage and take the form of price of product leadership, not that it brings managerial/administrative difficulties, not least in resource allocation.

These abstracts are condensed from the abstracting journals published by Amber Management Publications. Licensed copies of the original articles may be obtained at a cost (A sale including VAT and postage with order) from Amber, PO Box 23, Wembley HA9 8DJ.

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World Gold in 1986, the next conference in this important and well regarded series, is to be held in London on 18 and 19 June 1986. The speakers will include:

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- ...Alfred Schneider...Brian Marber...
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In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Plc and Citibank, N.A., dated December 1, 1985, notice is hereby given that the Rate of Interest has been fixed at 7 3/4% p.a. and that the interest payable on the relevant interest payment date, December 9, 1986, against Coupon No. 12 will be US\$191.70 per US\$5,000 Note.

Lloyds Bank June 6, 1986, London By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANK

**BP Minerals International Limited**  
(formerly Selection Trust Limited)

Issue of US\$ 50,000,000 8 1/4% per cent Bonds 1988

Notice is hereby given to the holders of the 8 1/4% per cent Bonds due 1988 of BP Minerals International Limited (formerly Selection Trust Limited - "the Company") that, in accordance with the terms of the Trust Deed dated 26th July 1977, between the Company and the Law Debenture Corporation Plc, the Company has elected to increase the annual redemption instalment of US\$ 5,000,000 required on 1st August 1986 from US\$ 5,000,000 to US\$ 10,000,000. The increased redemption instalment has already been satisfied by purchases made by the Company in the market.

Dated 6th June 1986

**Teollisuuden Voima Oy**  
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Notice is hereby given that the Rate of Interest for the final Interest Sub-period of the Interest Period ending on 9th July, 1986 has been fixed at 7 3/4% per annum. Coupon No. 9 will therefore be payable at US\$182.34 per Coupon on 9th July, 1986.

Manufacturers Hanover Limited Agent Bank

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Notice is hereby given that for the one month interest period from the 4th June 1986 to the 7th July 1986 the following will apply:

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(3) Interest payment date: 7th July 1986

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Agent Bank: Morgan Guaranty Trust Company of New York, London



TECHNOLOGY



Computers and airships in the Canadian backwoods

THE RUGGED image of a Canadian lumberjack sawing down giant cedar trees on a British Columbia mountainside, then nimbly shepherding the logs down some fast-flowing river is fading into folklore and the history books.

Although nature still has the upper hand, science and technology are playing an increasingly important role in harvesting western Canada's forests. In the process they are helping Macmillan Bloedel (MB), the Vancouver-based timber and paper company, to bring down logging costs, tailor timber to customers' requirements and, ultimately, make a significant contribution to bottom-line profits.

According to the company's senior vice-president for research and development Dr Otto Forgas, mechanisation and automation are "beginning to bear fruit, but they've still got a long way to go." If MB's current research comes to fruition, loggers will in future enter forests with hand-held computers to determine the most profitable way of cutting trees. Big helium airships, known as cyclocranes, will carry logs from inaccessible mountain forests to roads and rivers for transport to sawmills. Once at the mill, logs will be examined by radiation equipment—similar to airport baggage scanners—which will show up imperfections and enable each log to be sawn for maximum value and minimum wastage.

MB and other western Canadian forest products companies have lagged behind their Swedish competitors in mechanising forestry operations, an abundant supply of easily accessible timber, good prices, limited competition and strong trade unions all discouraged aggressive innovation.

MB, 49 per cent-owned by the big Toronto-based resources and industrial group Noranda, suffered pre-tax losses totalling C\$235m in the four years from 1981 to 1984. Harvesting costs using traditional methods have risen sharply. The spiralling cost of building a forest road, for instance, reflects not only inflation but the greater difficulty of penetrating remote areas once trees close to the coast or in other low-lying areas have been felled. Although millions of new trees

**Bernard Simon in Toronto, looks at how advanced technology is improving the efficiency of one of the country's major timber companies**

are planted each year, they take about 80 years to grow to an economic size for lumber. Technology developed elsewhere has not been suitable for the unusually rugged and broken terrain of British Columbia.

Falling prices for lumber and other forest products in the early 1980s and the advantage given to Scandinavian and southern hemisphere producers by their declining currencies have increased the pressure on western Canadian companies to look for ways of cutting costs and exploiting the rich but previously inaccessible forests.

MB started its productivity drive on the assumption that it could cut logging costs—currently in the neighbourhood of roughly C\$50 per cubic metre—by around 20 per cent. With the company harvesting three cubic metres of timber a year that could mean a saving of C\$60m. MB's operating earnings totalled C\$109m last year on revenues of C\$2.3bn.

The results of modern harvesting methods already implemented are difficult to quantify, Dr Forgas says that the rising trend of costs throughout the 1970s and early 1980s has already been reversed, and that "it would be disappointed if we don't realise the C\$10 per cubic metre (savings target) within five years."

Part of the benefit has come from meeker trade unions. Besides lower wage increases, loggers are now more willing to accept labour-saving machinery. Some of the new equipment put to work in Canadian forests is adapted from Swedish designs. One example is the "feller-skidder," operated by a single person, this tracked vehicle can close its jaws on trees up to two feet in diameter and about 80 ft high. An hydraulic cylinder saw shears the tree close to the ground.

The operator can grapple, cut and load a tree in less than a minute. Up to 20 logs can be loaded on each vehicle.

Instead of cutting off a tree's branches and dividing it into sections with a chainsaw immediately after felling, MB has begun using road-side processors to delimit trees, separate them into building lumber and pulpwood and cut them to the most profitable lengths.

With the wood from a large cypress tree worth about C\$5,000, the right cutting decisions can significantly increase returns. Conversely, mistakes are expensive.

Another form of "skidder," with tyres four feet wide, enables MB to harvest trees in ecologically fragile forests where environmental authorities forbid use of conventional tracked or wheeled vehicles. The wide tyres reduce ground disturbance and soil impaction, two important factors in preserving the environment and allowing growth of new trees.

Dr Forgas is reluctant to reveal details of projects still in the pipeline, partly because some of MB's competitors are working on similar research. In partnership with the University of British Columbia, MB has developed a prototype hand-held computer, which will give loggers cutting instructions based on tree measurements and market requirements.

One MB sawmill has begun using a primitive form of scanner capable of "reading" the shape of a cylindrical log. The Swedes have a device which scans flat boards. The race is now on to find one which can look through a whole tree.

According to Dr Forgas, "We're looking at a crude but very fast adaptation of the scanners used for cancer patients."

It may take longer to bring the cyclocrane, already into commercial production. The first prototype, able to lift a two-ton load, was destroyed in a storm. A rebuilt model has flown successfully. A public company—known as Aerolift—was recently floated on the Vancouver Stock Exchange to help finance future development. The project, which Dr Forgas concedes is speculative—received another lift when the US Army provided US\$1m for further tests on the cyclocrane's military applications.

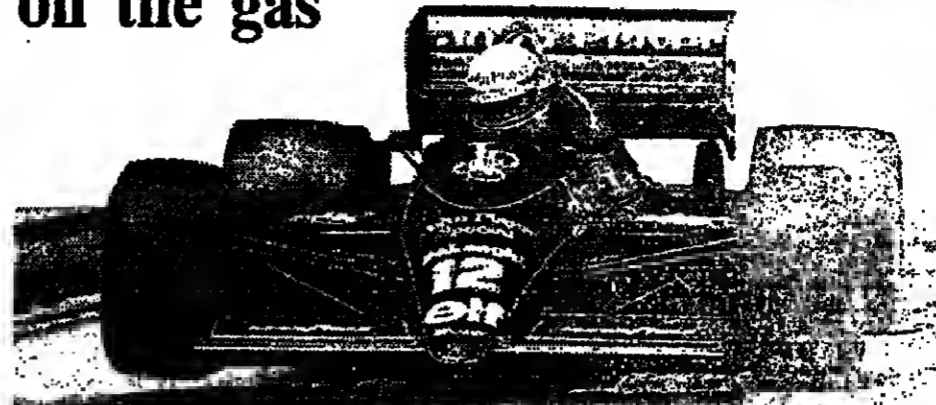
How Renault valves have gained by stepping on the gas

By JOHN GRIFFITHS

THE innovative pneumatic valve system of the Renault engine which has powered the Lotus of Brazilian driver Ayrton Senna to the top of this year's Formula One world championship for grand prix cars appears to provide very clear cut advantages over the conventional spring-operated valve systems that have predominated in car engine designs for a century.

Although the French vehicle manufacturer has as yet given no indication whether it intends to use the new system in its range of road-going cars—or indeed how costs between the two rival systems compare—the pneumatically-operated valves have shown themselves to work extremely effectively under both test and race conditions.

The system saves 2.5 kgs in weight compared with those using valve springs, and allows the engine's maximum revolutions to be increased from 11,000 to 12,500 per minute.



Renault says the reduction in the number and mass of moving parts has resolved the problems of engine durability, vibration and valve float endemic to spring-operated systems. The risk of valve spring breakage—quite common at the very high revolution per minute levels of grand prix engines—has also been eliminated.

In the new system, the valve springs—48 of them on the two springs per valve, four valves per cylinder V6 racing engine—are replaced by small piston/

cylinder assemblies, the pistons of which are integral with the valve stems.

When the camshaft lobe operates the valve, the piston compresses a gas which subsequently returns the valve very swiftly to its closed position. A half-litre gas reservoir is used to counter any leakage from the system.

In Renault's racing engine, the new valve system is allied to a radical ignition system which dispenses with a distributor.

Instead, each cylinder has its own ignition coil, located in the spark plug well. A central engine management computer sends a low-voltage signal to each to release the ignition spark. A similar ignition system has been developed by Saab of Sweden for its road cars. Saab says it overcomes some disadvantages of most commercial systems, such as slow operation and a loss of engine power as a result of defects like dirty ignition leads or damp spark plug insulators.

Swedish 'car wash' speeds aircraft de-icing

By ELAINE WILLIAMS

GROUND DE-ICING of aircraft becomes less time consuming using a new Swedish system called Kalix.

One of the country's small companies, De-icing System, has developed a means of carrying out the whole operation in less than a minute. Based in Lulea (826 89450), the company uses about 100 computer-controlled nozzles mounted on a large gantry which sweeps across the aircraft rather like an automatic car wash. The de-icing nozzles

are individually controlled to suit each type of aircraft and the prevailing weather conditions.

Another advantage is that 90 per cent of the expensive de-icing fluid is recycled because the fluid drains through a porous aircraft stand and is fed back to the pump.

Some 600 airports could benefit from the system, which is on trial at Lulea airport and has Swedish Government backing.

Japanese controllers to use automation protocol

By GEOFFREY CHARLISH

MAP COMPATIBILITY has been announced by Fanuc, the Japanese maker of machine tool controls, in several of its products.

MAP stands for "manufacturing automation protocol" and is an industrial initiative by General Motors, now supported by many other companies, to encourage communications standards in the design and production of factory automation equipment. The objective is to end the problem now experienced

by many manufacturing companies in getting various makes of automation equipment to "talk" to each other.

Fanuc is to make available communications software for its model 10, 11 and 12 controls which will enable programs for the machining of parts to be sent back and forth from other computers and provide a channel for machine data capture and other management information. In the UK, Fanuc is in Ruislip, Middlesex.

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The bright lights of Cambridge

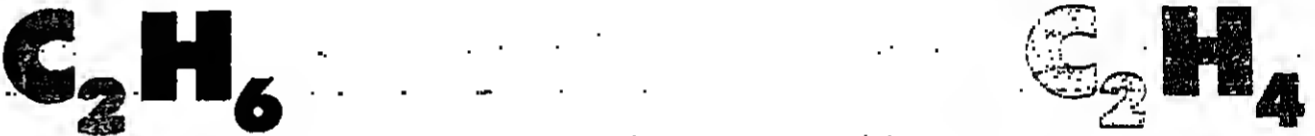
By Peter Marsh

CYCLISTS seeking to see better in the dark and to remain owners of their lamps—a favourite target for thieves—may be interested in the product of an unusual venture in Cambridge.

Mr John Wood and Ms Isabel Banks, two students in Cambridge University's engineering department, chose as their course project the design of a better make of bicycle lamp. The device they came up with combined a novel use of optics to give a brighter beam, together with an inbuilt lock to attach the lamp to a bicycle frame. So good was their invention, believed the students, that they opted when the course ended to set up a company to sell the lamps. Lightwork (Cambridge) started production last year, employs half a dozen people and has so far sold 15,000 of the products at £5 each.

Ms Banks and Mr Wood were helped into the business by Dr Bill Bolton, who supervised their course. Dr Bolton—who has himself left the university to be managing director of Cambridge Robotics a small engineering company—advised the pair on setting up in commerce.

Lightwork (Cambridge) subcontracts most of its manufacturing and sells its products mainly through distributors. A large proportion of sales has gone to the many keen cyclists among Cambridge's undergraduate population.



Now we've dropped a few 'aitches', people will sit up and listen.

Harrier engine goes digital

DIGITAL ENGINE control designed by Dewy and Smiths Industries (DSIC) of Cheltenham, UK, for the Rolls Royce Pegasus engine in the Harrier jump-jet and its US derivatives, has completed type testing.

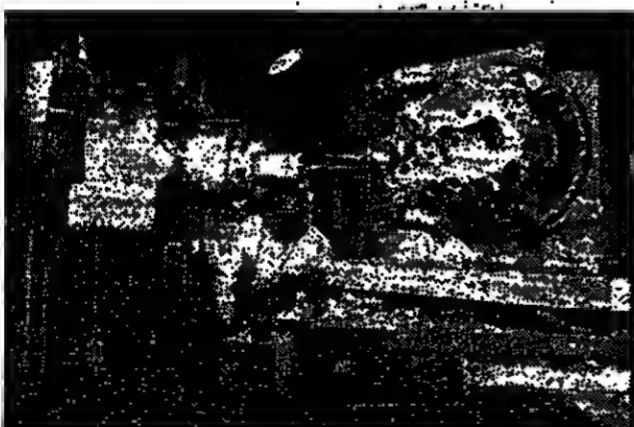
The system converts command information from the cockpit, and sensor information (acceleration, fan speed, temperature etc) from the engine into computer-like digit streams which are continuously examined by two identical control units (one a back-up) based on micro-processors.

When the pilot moves the throttle, the corresponding digital signal goes to the controller, which monitors all the sensors and calculates the precise alteration to the fuel flow to produce the pilot's demand without exceeding any engineering limits. If anything is amiss, the controller takes the appropriate action.

Delivery of these systems and a corresponding DSIC fuel metering system has begun for the Royal Air Force Harrier GR5 and the US Marine Corps and Spanish Navy AV-8B aircraft. The orders are worth £30m to DSIC in the period to December 1987. Between now and 1991, the potential value of such sales to the company is put at £85m.

MATERIALS ANALYSIS by laser-induced breakdown spectroscopy or LIBS, developed at the Los Alamos National Laboratory in the US, is to be used by West German company Metallgesellschaft to identify metals and alloys.

Intense laser light is focused on a small piece of the material to create a tiny "fireball" of hot, ionised vapour or plasma. The excited atoms in the plasma radiate light in colours that are specific to the elements in the material. Computer-aided



The digital engine control system fuel handling unit on a 5-axis computer controlled machining centre at Dewy Fuel Systems, Cheltenham, UK.

spectrum analysis immediately measures all the wavelengths present and prints them out, revealing the exact composition of, say, a metallic alloy.

**WORTH WATCHING**  
Edited by Geoff Charlish

SET-TOP TV aerials, never very good performers in comparison with roof-top installations, have taken a turn for the better with a design from Antiference of Aylesbury, Buckinghamshire, UK (8296 82511).

The company has used fin-shaped elements in a top-periodic design instead of the usual "herringbone" of tubes and says that the large surface area is a major factor in the £10 aerial's design and performance. Called "Silver Sensor" the aerial is aimed at use with the 2m "second" television sets sold each year in the UK alone.

FRACTURE TESTING of large sections of steel, using loads beyond the abilities of any conventional hydraulic tester, has been developed at the Atomic Energy Authority's laboratories at Risley, Warrington, UK.

The technique arises from the need to test the integrity of pressure vessels and other structures used in nuclear power stations and involves spinning eight tonne steel cylinders at 7,000 rpm about a central axis.

This generates large stresses in the cylinder wall, due to centrifugal forces, and the steel can be taken right up to its yield point (at which it starts to deform). The method will initiate crack growth in pre-existing flaws. The test cylinders are 1.3 metres long, with a 1.4 metres outside diameter and wall thicknesses of up to 200 mm.

It will be possible to heat the test cylinder to 400 deg C and then quickly cool it by an internal water system to induce severe thermal shock to test the steel's resilience.

The new Fife ethylene plant has given us a formula for expansion. It takes ethane (C<sub>2</sub>H<sub>6</sub>) extracted from North Sea liquid gas, and converts it into ethylene (C<sub>2</sub>H<sub>4</sub>). The result is a secure source of feedstock for our higher-olefins plant at Stanlow and our polyethylene plant at Carrington. We may be dropping our 'aitches', but now we've a guaranteed British ethylene supply, we're making rather encouraging noises.

You can be sure of Shell Chemicals.



## AIRPORT SHOPPING

## CONTRACTS

## Dutiful Japanese boost jet-age retailer

Nicholas Faith finds there is much more than just cheap liquor to the world's biggest duty-free chain

"THE GREAT department stores are a century old," says Adrian Bellamy. "But we were born with the jet." At first sight, it would seem arrogant to the point of silliness for Mr Bellamy to compare Duty Free Shoppers, of which he is chairman and chief executive, with Harrods or Bloomingdale's. Mr Bellamy, who before he came to DFS three years ago, ran one of South Africa's most successful retailing operations, would disagree.

To Europeans duty free shops mean cut-price emporia where you stock up on heavily-taxed items like liquor, tobacco or perfumes. However, those traditional stand-bys, drink and tobacco, now account for under 40 per cent of DFS's sales, but such is DFS's size that it is the largest liquor retailer in the world, selling \$250m worth a year). The majority of the \$850m a year sales now come from sophisticated displays of what Mr Bellamy calls: "ego-intensive merchandise," jewellery, leather, clothes, ties. When the group cannot buy merchandise of the right quality, it makes its own. But it prefers to rely on well-known names—Dunhill, Dior and Gucci. It now encourages groups like these to extend their range, to provide an endless stream of new products designed to appeal to the well-beeled international traveller.

These travellers are not necessarily businessmen, but they are overwhelmingly Japanese. DFS — with 15 per cent of the world duty-free market — dominates the business in the Pacific basin, holding franchises at key destinations for Japanese travellers—Hawaii, Hong Kong, Singapore, Guam, as well as the stop-over point at Anchorage. The Japanese escape their crippling local domestic taxes which amount to over 200 per cent in the case of spirits—DFS's prices are often less than half those the traveller would have to pay at home. And because every Japanese is allowed to bring 3 litres of duty-free liquor home, the sheer scale of business can be considerable. For instance, the market for duty-free cognac in South East Asia jumped from 374,000 cases in 1980 to 532,000 cases four years later, and now accounts for 30 per cent of all the cognac sales in the region.

But, more important to the Japanese, overseas purchases emphasise the fact that you have actually been abroad. When a Japanese plans an

overseas trip, relatives, friends and fellow workers express their pleasure and excitement by giving the prospective traveller "sambatsu"—a sum of money which it would be bad manners to refuse. In return the traveller has to return with "oniyage," a reciprocal gift. Only a third of the money the Japanese spend abroad goes on purchases for themselves; the majority is for gifts.

DFS has an unequalled sales machine to cash in on this complex web of mutual obligations. The pitch starts in Japan itself. DFS's showroom is in the office building where half Japan's prospective travellers pick up their passports. There they can browse through an array of merchandise, including a 14-page "Passport to Shopping" showing the products available and their prices; they can even apply for a special DFS credit card. DFS employs representatives in Tokyo and Osaka to arrange "co-operative advertising programmes" with tour operators and travel agents—who get a dollar for every traveller they bring to a DFS shop as well as a 5 per cent commission on all sales made to their group.

This attention to detail continues at the stores themselves. The most elaborate arrangements are at the Hawaiian stores, such as that at Waikiki Beach, where Japanese travellers—bussed in by the tour operators—account for seventh-eighths of the turnover of \$160m. Prominent signs compare Tokyo and Waikiki prices, while DFS provides an unconditional guarantee printed on all the customers' sales receipts. The guarantee is not a hollow one: DFS operates after-sales service centres in Tokyo and Osaka.

Ironically, DFS's founders stumbled on the Japanese business by accident. In 1960 Chuck Feeney and Robert Miller, two young graduates from Cornell's School of Hotel Management, founded DFS to sell liquor and other consumer goods to American servicemen stationed in Hong Kong. A year later, they were awarded the duty-free concession at Kai Tak airport. To most potential suppliers they seemed a fly-by-night operation. None of the major cognac houses, for instance, would have anything to do with them. But Michel Camus, who was trying to rebuild the family cognac firm, was persuaded by Chuck Feeney to allow him almost unlimited



credit and created a special product. Celebration, for him. His faith has been amply rewarded: DFS has remained loyal to Camus, most of whose sales now come from DFS, so that it took years for better-known cognac firms to find shelf space in DFS outlets.

The management of Nina Ricci, also an early backer, has reaped a similar reward (helped, as Mr Bellamy points out, by the fact that the brand is strong within Japan). "They're terrifically loyal to their early suppliers," says one salesman for a rival company.

The founders' timing was perfect. The year after they were awarded the Kai Tak concession the Japanese authorities allowed some of their countrymen abroad, gradually relaxing foreign exchange regulations over the following decade. Once launched there was no stopping them. The Honolulu concession was acquired the year after Kai Tak, and Anchorage came in 1967. A year earlier Mr Feeney and Mr Miller had reinforced their management by taking on two new partners: Anthony Pinar, an American lawyer, and Alan Parker, a British accountant, each of whom got 10 per cent of the

equity, with the founders retaining 80 per cent. Five years later came the biggest gamble: a bid of \$160m for a 30-year franchise at Guam, a favourite Japanese destination. DFS thus in effect financed the construction of a new airport. Not surprisingly, DFS is the biggest employer on the island.

Ten years later, in a complicated three-way deal with Host International and Marriott, DFS acquired Host's concessions at Los Angeles and San Francisco Airport. In 1986 came an even bigger prize, the concession at Singapore's Changi Airport, previously held by a subsidiary of the local airline.

The previous year they had hired Mr Bellamy, recognising that the company required professional management. The headquarters, previously divided between Switzerland and Hong Kong, has been moved to San Francisco—although DFS remains decentralised, with only 40 people at head office. The four shareholders retired from active management but retained control.

The founders left Mr Bellamy a new set of problems. "The transit airports are disappearing," he admits. "Look what happened to Shannon. The same

could happen to Anchorage in the longer-term, once the new Boeing can fly direct from London to Tokyo. Hong Kong will be all right: it was a transit airport but now it's becoming a hub for much of the Pacific."

Expansion into the US poses more immediate problems. In Mr Bellamy's words, the US authorities "have not accepted that duty-free is a legitimate business. To the US customs in particular, it's illicit—although they're now prepared to listen to us." But he sees no way to break the biggest "barrier": the absence of formal passport control at American airports, the lack of a psychological barrier telling travellers they are now on neutral ground.

Physically the "open" airport prevents the merchandise from selling their merchandise to travellers. They have to be content with samples, and delivery problems from bonded warehouses (often situated outside the airport) mean that sales have to stop 45 minutes before take-off. DFS's US business received a major boost from theordes of foreigners attending the Los Angeles Olympics. But, says Mr Bellamy, "what do we do for an encore?"

Not surprisingly, DFS is under attack. In 1984 the Anchorage concession came up for renewal. Mr Richard Wade, who ran DFS's Alaskan operation until 1981, had left the company, emerged as head of a group of local businessmen who offered DFS \$5m to win a 15-year franchise for \$7.8m. In the event Mr Wade's group failed to come up with the \$17m letters of credit required by the authorities and DFS won the concession by default. But the episode (which included a claim by DFS that Mr Wade had breached an agreement not to work for a competitor) served as a warning that other concessions are to come. DFS, for the time being, is not looking for more concessions, will be fierce, a reflection of the way airport authorities have learned the profits to be made from duty-free. The fees are getting higher, the margins lower.

DFS is reacting in two ways—by expanding its off-airport duty-free shops and by increasing its duty-free sales. DFS already has some shops down town—not only in its traditional strong-points, but in Sydney as well and is now moving into "shops-within-hotels"

business in cities where it owns the duty-free concession such as Los Angeles.

The new shape of DFS can perhaps best be seen in Singapore. The stakes are high. DFS has to pay the local civil aviation authority a rental of \$5m a year, a third on all sales of liquor, and 22 per cent of tobacco, and yet feels obliged to maintain its boast that "lowest prices in the region are guaranteed."

At the airport itself the customer can choose between self-service and service (of the same merchandise at the same prices) by sales girls who have to be fluent in Malay, Chinese, Japanese and English. DFS also has a department store downtown in Orchard Road, three shops within hotels, a souvenir concession, and is hoping for another concession within the precincts of the Raffles Hotel. The odds are good—a quarter of the sales in Hawaii are of duty-paid merchandise.

DFS also enjoys the advantage of sheer size. Even a sceptical supplier admits that "DFS is not only the biggest duty-free company in the world, but is likely to stay the biggest for some time to come. And it can't be about anything it wants to, if it wants to do it badly enough."

Only 4 per cent of the Japanese travel abroad every year, but DFS contests the idea that the Japanese are the only market they understand. Mr Bellamy says: "I think the differences between the Japanese buying habits and other habits are exaggerated. If you look at a lot of the shops in Tokyo, what are they selling? You could be in London or Paris really... We are not exclusively successful because of the Japanese."

"Duty free is not what it was 20 years ago... In the early days we were purely an operating company, how we're merchants in the fashion business, retailers to the international traveller," says Mr Bellamy. "The Japanese especially are looking for something new. So we're offering a full line of cosmetics and accessories. Ultimately we will have a mature duty-free industry with two styles. There will be the discount style operation like H&M, but if you want fashion and a range, then I'd like to think our shops are better." And that comparison with Bloomingdale's? Well, its chairman is one of four outsiders in the DFS board.

## Davy McKee in £40m deal

DAVY MCKEE (LONDON) has been awarded a contract worth around £40m by Industrieanlagen Import of the German Democratic Republic to install a fine gas desulphurisation plant at the HKW-Rummelsburg power station in Berlin.

The process design, which is proprietary Davy McKee development, has been selected by IAI following detailed evaluation of commercially available technologies. The process is designed to remove oxides of sulphur from fine gases produced during the combustion of fossil fuels to achieve a major reduction in atmospheric pollution.

The contract involves design, detailed engineering, supply and erection, including civil works, for a turnkey project and will be the sixth such application of the Davy McKee technology in Europe.

Finance for the project will be provided by an ECGD-supported buyer credit and a commercial loan, both arranged by Morgan Grenfell, to cover 100 per cent of the contract value.

TAYLOR WOODROW CONSTRUCTION (NORTHERN), Darlington, has renewed its contract with the Central Electricity Generating Board for work at the Gale Common ash disposal works, Yorkshire. The 17-month contract is worth £1.5m. Pulverised fuel ash from Euxborough and Ferrybridge C power stations and shale from the Killingley Colliery is used to form lagoons and embankments for landscaping. The project is for a weekly intake of about 25,000 tonnes of shale and 15,000 tonnes of pulverised fuel ash.

DARLINGTON & SIMPSON BOLLING MILLS, jointly owned by the Norcross group and British Steel Corporation, has won a contract worth £4m from Iraq for hot rolled special steel profiles to be used in the manufacture of steel windows. It will run for four months ending in September and the steel is destined for many building projects in both public and private sector developments.

IBIS CONSTRUCTION, part of the IBIS Group, is undertaking two contracts worth £2m for Safeway Food Stores and Japanese company Takenaka (UK) on behalf of Honda (UK). The Takenaka contract is for an automated parts centre for Honda (UK) in Swindon, Wiltshire. The Safeway Food Stores contract is for the development of a 4,318 sq metre out of town store complex at Chatham in Kent. The contract, negotiated

through sister group company, IBIS Properties, also includes construction of a number of smaller speciality retail units on the same landscaped site.

A contract awarded by NRI Projects for air-conditioning and ventilation equipment for the Riband super-thermal power project in India brings to a total of over £1m the value of contracts placed with MATHEWS & YATES, part of Fairley Holdings, a Parsons company. The £1m-plus Riband contract involves the supply of all the fans and air-conditioning equipment for the new power station. NRI Projects is the main contractor. Delivery is expected to start during the third quarter of 1986.

In the Middle East Matthews & Yates is to supply fans and air-conditioning units for desalination facilities at the Bahrah naval base in Iraq. The contract was awarded by Korean contractor Hyundai and is valued at £150,000. UK contracts include the supply of 14 fans for a smaller plant replacement project in Derbyshire, contract value around £120,000, and another to supply 12 industrial fans for installation in Berkshire worth more than £150,000.

SOFTWARE SCIENCES OF Farnborough, Hampshire, has been awarded a contract worth in excess of £660,000 by the Civil Aviation Authority for a computer system which will provide essential data for air traffic control. The system, to be operational at the London Air Traffic Control Centre in early 1987, is known as the Code Call Distribution System (CCDS). CCDS acts as the link between radar information which is used to monitor aircraft flights and the flight plan data which notifies air traffic controllers of an aircraft's route details. The flight plan data is used by controllers for planning to ensure minimum delays. Radar provides controllers with positional data on aircraft allowing them to sequence aircraft while ensuring that separation between aircraft is maintained.

KENOLD CHAINS has secured an order worth £28,000 from the British Steel Corporation for the supply of a quantity of 2.8m pitch chain and associated special steel plinths for tandem drives on concast roller tables at British Steel's Lakenby Works Tinsley. The chain and plinths will be provided from Kenold Chains' Burnage, Manchester, factory and delivery is scheduled for July.

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### UK NEWS

## Michelin Tyre recovers to make £23m profit

BY PAUL BETTS IN PARIS

MICHELIN TYRE, the British subsidiary of the leading French tyre group, recorded a net profit of £23.5m last year after several years of losses. The Michelin subsidiary in the UK had a loss of £37m in 1984.

The return to profit follows a restructuring of the British operations including the shedding of more than 2,000 jobs last year. Michelin Tyre, which employed 14,779 people in 1984, saw its workforce decline to 12,351 people last year.

The company reported yesterday that turnover last year increased to £118m from £67m the year before. Pre-tax profits totalled £26.5m last year compared with a loss of £12m the year before. Michelin Tyre made substantial provisions in 1984 to cover the restructuring of its operations.

The recovery of the British subsidiary comes at a time when the Michelin group as a whole has returned to profit with net earnings of FF1.1bn (£163m) last year after

losses of FF2.2bn the year before, another deficit of FF2.14bn in 1983 and a loss of FF1.47bn in 1982.

Michelin, the world's second largest tyre manufacturer after Goodyear of the US, is expected by industry analysts to report a further rise in profits this year, estimated at between FF1.5bn and FF2.2bn. Michelin group sales totalled FF43.4bn last year.

As part of its UK restructuring programme, Michelin closed its Belfast plant in Northern Ireland and stopped production of truck, light truck and cycle tyres at its large Stoke-on-Trent plant in Staffordshire. It also stopped production of wheels and rubber mixings at its Burnley, Lancashire, plant last year.

The company this year is closing its Aberdeen plant in Scotland. It will be concentrating the metallic cable and bead wiring activities of Aberdeen at Stoke-on-Trent.

Michelin describes the move as part of its efforts to increase pro-

ductivity and as an "offensive" strategy, compared with the "defensive" restructuring strategy that led to the closure of the Belfast plant and the halting of truck and cycle tyre production at Stoke.

With the closures at Belfast and Aberdeen, Michelin now has four plants in the UK at Stoke, Burnley, Ballymena, in Northern Ireland and Dundee, Scotland.

Industry sources say Michelin has seen its share of the UK original-equipment car tyre market increase by about 50 per cent, from 30 per cent of the market to around 45 per cent, between 1982 and this year.

It has about a quarter of the UK market for truck tyres. Its share of the UK original-equipment truck tyre market now amounts to about two thirds of the total market for the sector.

Despite the UK restructuring, Michelin now accounts for more than half of the employment in the British tyre industry, compared with about a quarter in the 1970s.

### REVENUE TO MAKE 'GOLDEN HANDSHAKE' REBATES

## Tax tangle may cost £10m

BY CLIVE WOLMAN

THE DISCOVERY of a drafting error has led to an announcement this week that people who have received "golden handshakes" of over £50,000 on leaving companies over the past four years will be entitled to a tax rebate.

The Inland Revenue found itself the victim of a complicated tangle of the sort that has often entrapped taxpayers, and which is largely of its own making.

The Revenue estimates that beneficiaries of the error, who will receive rebates of up to £7,500 plus interest, are numbered only in hundreds. But City of London solicitors describe the error as "amazingly subtle" and say the number must be substantially higher, so that the loss of tax might exceed £10m.

The tangle highlights two characteristics of the process of drafting tax legislation in the UK that have often been criticised by the Institute of Taxation and other tax consultants. Legislation is drafted by parliamentary drafters following the guidelines of the Inland Revenue,

which then checks it to ensure that its policy has been carried out.

One criticism is that the draftsmen prefer to add more and more amendments to legislation over the years instead of making a clean sweep by rewriting entire sections from scratch.

According to solicitor Mr David Landau, a clerk to the General Commissioners of Tax: "They always prefer to graft on, even when what is really needed is a transplant."

In this case, the basic legislation appears in an Act that dates back to 1970 and has been the subject of several hundred amendments since. The clauses and schedule dealing with the taxation of golden handshakes were amended in 1981 and again in 1982.

The underlying principle is simple: that larger redundancy payments should be subjected to higher rates of tax, as is regular income.

But section 43 of the 1983 Finance Act and the cross-referenced sections in the 1970 Act expressed the

principle in such a convoluted fashion that the only people who could understand them were a few tax practitioners who specialised in executive benefits. Even they were uncertain about the effects of the provisions.

Mr John Clark, tax partner of solicitors Norton Rose and chairman of the Institute of Taxation's technical committee, believes the Revenue should publish a schedule that incorporates the amendments into the original legislation.

The institute has proposed for many years that, on complex technical issues, draft legislation should be published several months in advance to allow for consultation. In addition last month it called for a parliamentary select committee to be set up to scrutinise all tax legislation.

"When the finance Bill is being debated, there is never enough time and changes go through without the appropriate degree of attention," Mr Clark says.

## Unions to ballot on cuts in rail jobs

By Philip Bassett

UNION leaders representing 33,000 railway workshops employees yesterday called for a ballot at the end of the month with a recommendation for industrial action over British Rail's latest plans for closures and redundancies.

Behind the unanimity of the ballot called by the National Union of Railwaymen (NUR) and the Confederation of Shipbuilding and Engineering Unions (CSEU) lies an attempt by dominant left-wingers on the NUR executive to harden up the union's position and move it more quickly towards all-out strike action.

Balloting will take place on June 30-July 1 among all workshop members. The CSEU is taking legal advice on the question, but it seems likely that, to stay within the Government's 1984 Trade Union Act, all seven CSEU unions involved may have to ballot separately, making eight different ballots in all.

Rail workers will be asked if they are prepared to take industrial action, including striking if necessary. However, immediately before NUR leaders announced that yesterday, there was some difficulty within the NUR executive.

The original wording of the ballot question, as framed by NUR leaders, was a call for selective strike action only. Some NUR leaders are convinced that the workshop membership will be unlikely to support action beyond that level.

Executive members insisted that that was insufficient, and succeeded in altering the wording to allow for full strike action if required. The timing of the ballot may place the decision on action in the hands of the union's more moderate annual conference rather than with the more militant executive. The conference may make a binding decision to sanction only more limited action.

Mr Jimmy Knapp, NUR general secretary, said he hoped that the strike vote would persuade the BR Board to change its mind.

The unions claim that there is no need for the loss of 5,900 jobs over the next three years. They say the Channel Tunnel project and removal of rolling stock would maintain employment. BR says that the expansion of the workshops make the cuts inevitable.

### APPOINTMENTS

## Norwich Union vice chairman

Mr Francis Cater has been appointed joint vice chairman of the principal companies of the NORWICH UNION INSURANCE GROUP. He is vice chairman of J. Henry Schroder Wagg & Co. He was already on the board of several Norwich Union companies, and is a director of Hepworth Ceramics Holdings, a Portsmouth & Sunderland Newspapers.

Mr Robert Graham has been appointed managing director of FERGUSON & PARTNERS, a new corporate financial services company of James Ferguson Holdings. Mr Edward Alderton, chairman and Mr Geoffrey Drain deputy chairman of Ferguson & Partners. Mr Graham was previously a director of Collins-Wide. Mr Alderton is a past president of Nalco and Mr Drain was general secretary of the Bank of England until last March.

Mr Brian Key, former managing director of Business Interiors of Bristol, has become chairman and chief executive of a new company, BUSINESS DESIGN GROUP. Mr Jeremy Bewes-Davies, managing director of OPC of Covent Garden, and becomes deputy chairman and group director of the new company. Business Interiors and OPC have merged to form the new group.

Mr George Ayres has been appointed managing director of ST KATHERINE MOTOR POLICES, Thornton Heath. He has been transferred from St Katherine's to the new company, Underwriting & Management Services. Mr Bruce Gordon has been appointed motor manager. He was general manager and deputy underwriter of the Beccoo Motor Syndicate at Lloyd's.

NOBLE AND LUND has appointed Mr Alan Harris to the board as chairman and chief executive of the engineering division. He was a divisional director with F. H. Loyds, and chief executive of Lake and Elliot. Following Lake and Elliot's recovery and its acquisition by Suter he was responsible for the specialist engineering business group of Suter.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES has elected Mr Derek Boothman as president. Mr Arthur Green deputy president and Mr Jack Worsley vice president, to serve until June 1987. Mr Boothman is a partner in Binder Hamlyn; Mr Green is chairman and managing director of Grant Thornton International; and Mr Worsley is chairman of The Financial Training Co.

GOOD RELATIONS GROUP has appointed Mr Abel Hadden to a new position responsible

for the development of group business at home and abroad, and as managing director, Good Relations International. He will be assisted by Mr Gerald Bradley, a founding director of Good Relations Group. Succeeding Mr Hadden as managing director of Good Relations Consumer is Mr Jeffrey Lyles, who will continue as managing director of Good Relations Technology. Ms Jan Shawe and Ms Ishbel Macfarlane-Murray are promoted to deputy managing director of Good Relations Consumer and Good Relations Technology respectively.

Mr William J. R. Ryder has been appointed an executive director and deputy chairman of HENRY BOOT & SONS group, with particular responsibilities for building and civil engineering contracting. He was on the board of a number of companies in the Babcock International group. Mr Anthony P. Cooper has been appointed executive group financial director of Henry Boot & Sons.

Mr Douglas Barrat has been appointed to the board of WALTER LAWRENCE & SON as marketing director, and also

Mr Paul Buchanan-Barrow and Mr Paul Turner have joined GODDARD RAY ROGERS AND ASSOCIATES as consultants. Mr Buchanan-Barrow was previously a director of County Bank and Mr Turner was with another executive search consultancy.

MEPC has appointed Sir Patrick Weaney as a non-executive director from July 1. Sir Patrick is chairman of The Bank Organisation and A. Kershaw and Sons, and deputy chairman of Midland Bank. He holds a number of other directorships.

Mr Peter Watson has been appointed to the board of MICROLEASE as technical director.

CENTURYAN SECURITY, part of the OCS GROUP, has appointed Brigadier Mike Perkins as chairman from June 10. He

## Mergers expert moves to Chase

Mr Christopher J. S. Clez has been appointed managing director, mergers and acquisitions for Europe, Africa and the Middle East for CHASE MANHATTAN, London. He was managing director of mergers and acquisitions for Oppenheimer International and senior vice president for Oppenheimer and Co.

Sir Aubrey Brocklebank has been appointed director of VENTURE FOUNDERS. He was at Guinness Mahon in the corporate finance department and the development capital unit.

The STEWART AND HUGHMAN GROUP has been reorganised so that from January 1 there will only be two Lloyd's underwriting agencies in the group, namely Stewart and Hughman, acting solely as a managing agent, and Gray's Inn (Underwriting Agency) (to be renamed Stewart Gray's Inn Underwriting Agency) acting solely as a members' agent. The voting shares of these two companies are mainly held by the directors and all the equity non-voting shares are held by a holding company to be called River Clyde Holdings. The directors of River Clyde Holdings are: Mr B. A. Stewart, Mr J. A. Oliver, Mr D. A. Barker, Mr P. C. E. L. Payton, Mr D. A. Barker, Mr A. J. Medalink, Mr D. E. Stewart, and Mr D. A. Ward. The directors of Stewart and Hughman are: Mr Stewart, Mr Oliver, Mr Barker, Mr Stilwell, Mr Craig, Mr Brian, Mr Christmas, Mr Potter, Mr Payton, Mr Allen and Mr Meredith. The directors of Gray's Inn (Underwriting Agency) are: Lord Grinstead, Mr Stewart, Mr Craig, Mr Taylor, Mr R. D. Duncum, Mr B. G. A. Fitzgerald and Mr C. N. Leew.

MEPC has appointed Sir Patrick Weaney as a non-executive director from July 1. Sir Patrick is chairman of The Bank Organisation and A. Kershaw and Sons, and deputy chairman of Midland Bank. He holds a number of other directorships.

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New chairman of the BRITISH SHIPPERS' COUNCIL is Dr Zander (Alexander) McQuillan, commercial services manager of the Mond division of Imperial Chemical Industries.

EXACTA CIRCUITS, Selkirk, has appointed Mr Richard M. Wylie as finance director. He joins from Monsanto in Brussels.

RONCO ALCATEL has appointed Mr Mike Cook as marketing director. He was marketing services manager. Mr Chris Bamford has joined the company as sales director. He held a similar post with the Mayfair Group. Mr Al Le Bihan, general service manager, becomes customer service director.

Norman W. King has been appointed a director of EDGAR HAMILTON (REINSURANCE BROKERS).

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A joint venture between Mercantile House Holdings plc and Automatic Data Processing Inc.

## Stockbroker reorganises

Following completion of the acquisition of stockbrokers Montagu Loeb Stanley & Co by the Saye & Prosper Group, the following appointments have been made to the board of MONTAGU LOEB STANLEY: Mr Nicholas Assheton (chairman), Mr Robert Froy (managing director), Mr Stephen Cooke,



Brigadier Mike Perkins, chairman of Centuryan Security

takes over from Mr Bill McAllister, who is retiring. Brigadier Perkins was deputy director of army training.

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UK NEWS

Unions to ballot on cuts in rail jobs

Investment set to rise by 3% this year and next

By George Graham

BRITISH INDUSTRY expects to boost its investment this year and next, the Department of Trade and Industry (DTI) said yesterday. In its half-yearly survey of industry's investment intentions, the DTI shows industry investing 3 per cent more this year than in 1985, with a similar increase in 1987.

industries except vehicles are expected to increase their investment this year.

The new DTI results show investment by manufacturing industry rising by nearly 3 per cent in 1986, with a similar increase expected next year.

Some City of London analysts said the figures, taken together with a weaker than expected balance of payments performance, cast doubt on the Treasury's forecasts for economic growth this year.

Apricot in deal with American distributor

Financial Times Reporter

APRICOT Computers has signed up a distributor for Canada and Central and South America, which is expected to generate sales of just over £20m for the company in the next three years.

The deal comes two months after Apricot was forced to sell its US associate company Apricot Inc, which lost £14m on sales of less than £3m.

This latest move is particularly important for Apricot, which needs to reduce its dependence upon the UK market after running into difficulties in the US, West Germany and France.

Apricot has given sole distribution rights for its personal computers to a new venture to be called AIC (Apricot in Computers), set up from another company which until January represented Commodore of the US in Canada.

Apricot's contract with AIC requires the company to sell 7,000 computers in Canada and a similar number in its other territories.

Apricot owns 30 per cent of Australian distributor Barson Computers but there are no immediate plans for it to take a stake in AIC.

Mr Mike Vogel, head manager at Profit Unit Trusts, said: "We treat every case on its merits. I often like placings because they come at a useful discount and the price often holds up better than a rights issue."

PACT MADE ON CHEAPER COAL FOR POWER STATIONS

Electricity prices cut by 3.5%

By Joan Gray and Maurice Samuelson

THE COAL and electricity industries yesterday announced a five-year agreement on cheaper coal to power stations which will mean an immediate 3.5 per cent average cut in the price of electricity.

The collapse of oil prices and cheaper foreign coal has forced the National Coal Board (NCB) to drop its price to the power stations by about 55 a tonne until October 1987.

As a result, other big customers of the NCB are demanding price reductions. They are led by the cement manufacturers, which spend £100m a year on coal and buy 1.2m tonnes from the NCB.

increase in their own prices in the hope of obtaining cheaper fuel.

At separate press conferences in London, coal and electricity chiefs praised their agreement as in their industries' mutual interests.

Mr Philip Jones, chairman of the Electricity Council, said the agreement contained "immediate and long-term benefits."

Mr Ian MacGregor, NCB chairman, said it made "substantially more difficult" the board's aim of breaking even in 1987-88 but the board remained determined to pursue that objective.

The 12 area boards, which retail electricity in England and Wales, have been advised by the Electricity Council to implement a cut of 0.2 a unit without delay.

For some of the big bulk electricity users, that might mean a 7 per cent to 8 per cent cut over the whole year. Domestic consumers will enjoy an immediate 3.5 per cent cut.

The Coal Board is showing no readiness to make similar reductions for its other big customers and says no deadline has been set for concluding the negotiations with the cement industry.

It pointed out last night that the cement makers, as large users of electricity, would be able to benefit from the cheaper power-station coal even without cheaper coal deliveries to their kilns.

However, it did not rule out the possibility that some of the larger industrial consumers would also secure concessions.

The cement manufacturers, which burn 1.2m tonnes of coal a year, say they are seriously threatened by imports of much cheaper cement unless they can cut their costs.

For the coal industry, however, further price cuts to more big consumers would further exacerbate the difficulties arising from its concession to the electricity industry.

Mr Ian MacGregor said the NCB would do its best to limit the damage the agreement would do to its finances.

Exchange investigates leak of Dee bid terms for Fine Fare

By Lionel Barber and David Goodhart

THE London Stock Exchange has launched an inquiry into how the terms of Dee Corporation's agreed £680m purchase of the Fine Fare and Sloopers Paradise supermarkets chain from Associated British Foods were leaked to the market on Tuesday - one day before the deal was officially announced.

The inquiry leads a fresh twist to the controversy over Dee's financing of the deal, partly by raising £350m of equity through the UK's biggest-ever vendor placing. In a vendor placing some shares are sold to outside investors rather than existing shareholders.

Two City of London institutions, Prudential Assurance and M&G In-

vestment Management, objected to the terms of the Dee placing on Tuesday which originally proposed limiting existing shareholders to 25 per cent of the newly issued shares.

News spread rapidly through the market of the differences of opinion between the two institutions and Rowe & Pitman, the stockbroking firm placing the deal. On Tuesday afternoon, while Dee and its financial advisers attempted to price the placing, Dee's share price fell sharply.

Brokers close to the deal said that the way some institutions had sought to canvass opinion on whether to take on the Dee placing had probably led to the escape of market-sensitive information.

City opinion is still divided on the merits of vendor placing. A senior fund manager, who successfully

pushed for a revision of the terms, said: "This was not a small victory. It was a bloody huge victory and we intend to get this message across in the next few days."

But Mercury Warburg Investment Management (Wim), who supported the placing, argued that the Fine Fare deal could have been jeopardised if the placing had not gone ahead. "If the deal is right, then let it be done," said Wim, a major Dee shareholder.

Mr Mike Vogel, head manager at Profit Unit Trusts, said: "We treat every case on its merits. I often like placings because they come at a useful discount and the price often holds up better than a rights issue."

In the next few weeks, the Stock Exchange's quotations committee will discuss the response from institutions to its discussion paper on vendor placing.

Competition review is approved

By Richard Evans

THE wide-ranging review of competition policy announced by the Government yesterday is to cover both the scope for changes in policy under existing legislation and the desirability of changes in the law.

The review, first promised last November, has been awaited with increasing impatience by many in the City of London, by politicians and by the Confederation of British Industry (CBI), after the recent series of big mergers.

Mr Paul Channon, Trade and Industry Secretary, said in a House of Commons written answer that although existing competition law had "operated effectively and served the economy well," mergers policy had attracted attention in recent months, particularly in the light of the present numerous mergers.

In addition, restrictive trade practices legislation, in operation for 30 years, had been criticised on several grounds, including its inflexibility and its limited effectiveness in controlling seriously anti-competitive agreements between companies.

"I therefore believe it would now be right to undertake a review in these areas," Mr Channon said.

The review, the first by the DTI for almost a decade, will be chaired by Mr Hans Liesner, deputy secretary at the department. Other members will be from the DTI, Treasury, Ministry of Agriculture and 10 Downing Street.

Merger policy is likely to be reviewed before restrictive trade practices, Editorial Comment, Page 18

British Home Stores ends food retailing

By David Churchill, Consumer Affairs Correspondent

BRITISH HOME STORES (BHS), part of Sir Terence Couran's Storehouse group, is to pull out of food retailing with the loss of up to 2,000 jobs.

The move was announced yesterday on the publication of Storehouse's first set of financial results since the merger of the Habitat/Mothercare and BHS retail chains this year.

Pre-tax profits for the merged group for the year ending March 29 1986 rose by 19 per cent to reach £118.1m, on a turnover of £1,066m, up 6 per cent on the previous financial year.

Storehouse operates a total of 879 stores in the UK and overseas, of which more than half are Mothercare shops. Other retailers in the group are BHS, Habitat, Richards and Heals.

The decision to end BHS's involvement in food retailing came as part of a review of the Storehouse retail operations after the merger.

"Our food sales were a long way short of their target and so we had to decide whether to continue in this market or pull out now and release the store space for other merchandise," explained Mr Denis Cassidy, chief executive of BHS.

BHS sold food from 36 of its 127 stores but, in spite of a revamp of its range two years ago, failed to emulate the success of Marks and Spencer in food sales.

The BHS withdrawal from food will mean the loss of about 2,000 jobs, mainly part-time or weekend-only workers, although that represents the equivalent of some 1,000 full-time jobs.

The Storehouse group employs 35,300 staff, of which the equivalent number of full-time jobs is 21,850.

He said that the Now stores had been too closely identified with the Mothercare operation because many Now stores were sited next door to those outlets. "In future, we plan to build a chain in its own right, away from our Mothercare stores," he added.

An international fashion manufacturer, which Sir Terence declined to name, will provide fashions exclusively to the chain.

The cost of the Now shutdown and withdrawal from food retailing will be about £24m.

The retail review will also mean an acceleration of the store refurbishment programme being carried out at BHS stores in advance of a new look planned for this autumn.

In addition, Habitat has plans for some 12 out-of-town supermarkets.

Sir Terence confirmed yesterday that Storehouse would not be taking up the option of a 20 per cent equity stake in Debenhams, the department stores group acquired by the Burton Group last year with Sir Terence's support, he is still negotiating to rent 20 per cent of the Debenhams floor space.

The Carrys electrical chain, part of the Dixons Group, was criticised yesterday by the "Bank of Britain" for calling a range of Italian-made refrigerators by a Japanese name, Matsui.

Ms Margaret Churrington, director of the campaign, which is funded by UK industry to encourage consumers to buy British products, said Carrys was "deceiving the public" and making a wrong marketing decision.

"I think it is a mistake for Carrys to think that a Japanese-sounding name will help them sell Italian-made refrigerators," she added.

Thatcher backs her vision of Britain

By Kevin Brown

MRS MARGARET THATCHER, the Prime Minister, yesterday defended her description of Britain as "heaven on earth" against opposition claims that seven years of Thatcherism had made it more like a "living hell."

Mrs Thatcher faced noisy and repeated challenges from Labour and Alliance MPs as she produced a catalogue of claims to back up her assertion at the Conservative Women's Conference on Wednesday that the Government was building the "good society."

She said "heaven on earth" was the description of the West given by Mrs Yelena Bonner, the wife of Dr Andrei Sakharov, the dissident Soviet physicist, in a comment "contrasting the benefits of life under a free society with the benefits of life under a Socialist society."

Mrs Bonner had been referring particularly to the possibility of home ownership and the availability of medical treatment in the West, she said.

Mr Dennis Canavan (Labour) accused Mrs Thatcher of "empty rhetoric" and of ignoring the 7m people living below the official poverty level, the 1.5m people waiting for a house, and the 750,000 people waiting to go into hospital.

"Will you return to the real world and realise that instead of heaven on earth in Britain today the reality of Thatcherism means a living hell?" he demanded.

Mr Neil Kinnock, the Labour leader, said the Prime Minister had been wrong to use the words of "a very courageous woman" for partisan purposes.

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Contracts and Tenders

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**REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE**  
 (Algerian Popular Democratic Republic)  
 MINISTRY OF COMMERCE  
 NATIONAL COMPANY FOR THE PROVISION OF FOODSTUFFS  
 NOTICE OF INTERNATIONAL OPEN INVITATION TO TENDER  
 NUMBER 13

An International Invitation to Tender is being launched for the supply of powdered milk 27 0/0 M/G 21.

Companies interested may obtain the specifications from the Algerian Embassy in their country of origin, from their own Embassy in Algeria or from:

EN.A.P.A.L.  
 29 RUE LARBI BEN M'HIDI ALGIERS.

This invitation to tender is intended solely for companies from the following countries: Australia, New Zealand, Argentina and Canada.

Offers should be sent in a double-sealed envelope, bearing no identification, and should read: "APPEL D'OFFRES INTERNATIONAL NO. 13 LAIT INSTANTANE". The final date for receipt of Tenders is 20/6/1986.

Tenders shall be bound by their proposal for a period of 90 days with effect from the closing date of this notice.

**ALGERIE - الجزائر**  
**REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE**  
 (Algerian Popular Democratic Republic)  
 MINISTRY OF COMMERCE  
 NATIONAL COMPANY FOR THE PROVISION OF FOODSTUFFS  
 NOTICE OF INTERNATIONAL OPEN INVITATION TO TENDER  
 NUMBER 14

An International Invitation to Tender is being launched for the supply of fresh pasteurised butter in 25kg blocks net.

Companies interested may obtain the specifications from the Algerian Embassy in their country of origin, from their own Embassy in Algeria or from:

EN.A.P.A.L.  
 29 RUE LARBI BEN M'HIDI ALGIERS.

This invitation to tender is intended solely for companies from the following countries: Australia, New Zealand, Argentina and Canada.

Offers should be sent in a double-sealed envelope, bearing no identification, and should read: "APPEL D'OFFRES INTERNATIONAL NO. 14 BEURRE FRAIS PASTEURISE". The final date for receipt of Tenders is 30/6/1986.

Tenders shall be bound by their proposal for a period of 90 days with effect from the closing date of this notice.

Company Notices

**RAND MINES LIMITED**  
 (Formerly Transvaal Consolidated Land and Exploration Company Limited)  
 (Incorporated in the Republic of South Africa)  
 Registration No. 0110055016

**PAYMENT OF COUPON NO. 94**

With reference to the Company's interim report and dividend notice addressed to the shareholders in respect of the 1985/86 financial year, the following information is submitted for the balance of holders of share warrants to ensure that the dividend is declared in each African currency and in accordance with the conditions of payment of this dividend, payment from the office of the Secretary of the Company in the United Kingdom currency at the relevant exchange rate and payment in each of the currencies of the Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the Secretary's Department of Hill Samuel & Co. Limited, 25 Abchurch Lane, EC4N 3JX, or in French currency at Credit Lyonnais, 75003 Paris.

At least four days for presentation and may be made on any day between 10 a.m. and 5 p.m. on the hours of business of the Secretary's Department of Hill Samuel & Co. Limited, 25 Abchurch Lane, EC4N 3JX, or in French currency at Credit Lyonnais, 75003 Paris.

Amount of dividend declared: 106.00 30.19057  
 Less: South African non-resident shareholders' tax at 15%: 15.75 4.52585  
 Less: U.K. Income tax at 14%: 4.22664  
 Net: 86.00 21.13808

Secretaries of the Company in the United Kingdom: Charter Consolidated Services Limited, 40 Holborn Viaduct, London EC1A 1JA, 10 June 1986.

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state, under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 14% instead of at the basic rate of 25% represents an allowance of credit at the rate of 15%.

**HONDA MOTOR CO. LTD.**  
 EUROPEAN DEPOSITARY RECEIPTS  
 ISSUED BY  
**MORGAN GUARANTY TRUST COMPANY OF NEW YORK**  
 A distribution of US\$0.35215 per Depositary Share less any applicable taxes will be payable on and after June 6, 1986 upon presentation of Coupon No. 22 at the following offices of Morgan Guaranty Trust Company of New York Inc.:

— Brussels, 35, Avenue des Arts  
 — New York, 30, West Broadway  
 Net Rate: US\$0.2594  
 (after deduction of 15% Japanese withholding tax + affidavit)  
 US\$0.2818  
 (after deduction of 20% Japanese withholding tax)

**IPNA 2 N.V.**  
 NOTICE IS HEREBY GIVEN that in accordance with Article 9 of the Conditions of Administration, the Annual General Meeting of the holders of Depositary Receipts of IPNA 2 N.V. will be held on June 22, 1986 at 10.00 a.m. in the office of the Secretary, Stichting IPNA 2 N.V., Herengracht 330 at 71.30 a.m. in order to review the annual accounts of IPNA 2 N.V.

Notice is given that in accordance with Article 9 of the Conditions of Administration, holders of Depositary Receipts of their representatives are not allowed admission to the meeting unless they have deposited their certificates at the office of the Secretary at the latest on June 12, 1986 or unless they have so deposited with the Secretary a statement from the holder of such certificate to be held in its custody until the end of the meeting.

Notice that the Agenda of the meeting and the annual accounts 1985 have been deposited at the office of the Secretary at the office of the Secretary at the latest on June 12, 1986 and a copy thereof will be sent upon request to any holder of Depositary Receipts.

STICHTING IPNA 2 TRUST SERVICES

**IPNA 3 N.V.**  
 NOTICE IS HEREBY GIVEN that in accordance with Article 9 of the Conditions of Administration, the Annual General Meeting of the holders of Depositary Receipts of IPNA 3 N.V. will be held on June 18, 1986 at 10.00 a.m. in the office of the Secretary, Stichting IPNA 3 N.V., Herengracht 330 at 71.30 a.m. in order to review the annual accounts of IPNA 3 N.V.

Notice is given that in accordance with Article 9 of the Conditions of Administration, holders of Depositary Receipts of their representatives are not allowed admission to the meeting unless they have deposited their certificates at the office of the Secretary at the latest on June 12, 1986 or unless they have so deposited with the Secretary a statement from the holder of such certificate to be held in its custody until the end of the meeting.

Notice that the Agenda of the meeting and the annual accounts 1985 have been deposited at the office of the Secretary at the office of the Secretary at the latest on June 12, 1986 and a copy thereof will be sent upon request to any holder of Depositary Receipts.

STICHTING IPNA 3 TRUST SERVICES

**Art Galleries**

**ANDREW WOOD GALLERY**, 17, Old Street, London, W.C.1. Tel: 01-2523 4444. **WATER-COLORS OF G. H. JACKSON** (1780-1860). A Loan Exhibition from the City of London Art Gallery, 6-12, Old Street, W.C.1. Until 12 June. Admission free.

**COLMAN**, 14, Old Bond St., W.1. 01-491 7000. **PAULINIA REASONS AND PURSIVE** - A Survey of British Art, 1945-1965. Until 22 June. Mon-Fri. 10.00 a.m. - 6.00 p.m. Sat. 10.00 a.m. - 5.00 p.m. Sun. 12.00 p.m. - 5.00 p.m.

**PICTURES FOR THE COUNTRY HOUSE**, Mon. to Fri. 9.30-5.30.

**Travel**

**CONCORDE, TEXAS** - £399 (return, £200). Concorde, Texas, 2500 Pm. 12/15 June. Columbus 01-929 4251.

Group to promote advanced composites

By Tony Jackson

A GROUP has been set up to promote the UK's position in advanced composites, one of the fastest-growing sectors in the world chemical industry.

The Advanced Composites Group, set up by the British Plastics Federation, represents producers and users ranging from ICI, Shell and Pilkington to GEC and Westland Helicopters. Specialists have also been co-opted from such institutions as Cambridge University and Harwell atomic research centre.

Mr Alan Webb, managing director of Bridon Composites and chairman of the new group, said that demand for composites worldwide was forecast to grow by up to 25 per cent for the next five to 10 years. "We need a national policy for advanced materials," he said. "Japan, Germany and France have a policy and the US is formulating one. The US industry is being pulled through its development phase by the aerospace industry and NASA, and we need similar positive thinking in Britain."

Advanced composites are materials made of fibres, often of glass or carbon, bound together by a plastic resin to give a combination of strength and lightness. The market is particularly developed in the US, especially in the defence industry.

The prospect of large Pentagon contracts using advanced composites has played an important part in recent US acquisitions by European chemical groups, including ICI's \$750m purchase of Beatrice Chemicals 18 months ago.

Mr Webb said, "It is of the utmost importance that a new manufacturing industry such as this should have a developing and expanding UK market."

UK NEWS

OVER 700 APPLY TO JOIN NEW TRADE ASSOCIATION Big accountancy firms challenged

FINANCIAL TIMES REPORTER

MORE THAN 700 medium-sized firms of chartered accountants have applied to join CharterGroup, a fledgling trade association that seeks to take on the eight big British and US firms that dominate the market for accountancy services in the UK.

Capital for the company has been raised by issuing shares under the Business Expansion Scheme. Since the issue was first promoted in April this year, investors have subscribed more than £265,000 and the offer has been extended to June 30.

The initiative for the trade association came from CharterGroup chairman Mr Martin Pollins, senior partner of P.R.B. Parker Pollins at Hove, Sussex, and Mr Kenneth Cook, senior partner of a Kent firm. They were aware that many of the UK's 14,000 firms of accountants

felt under threat from the international groups. They believe an umbrella organisation such as CharterGroup will allow the smaller firms to preserve their independence as well as benefit from a range of services normally available only to their larger competitors.

Call for Labour to take over Mercury telephone network

BY DAVID THOMAS

AN INCOMING Labour government should allow British Telecom (BT) immediately to take over Mercury, the alternative telephone network owned by Cable and Wireless, Mr John Goding, general secretary-elect of the National Communications Union (NCU), said yesterday.

Mr Goding, a Labour MP and former Labour minister, who is close to the Labour Party leadership, was making his first public statement on the renationalisation of BT since being elected leader of the NCU, the largest union in BT.

His views are likely to be influential in both the Labour Party and Trades Union Congress (TUC), which are at present preparing policy documents on public ownership. Speaking to the NCU conference in Blackpool, Mr Goding said that a Labour government should take decisions about BT immediately upon coming into power.

Money 'not whole answer for schools'

By Michael Cassell

BRITAIN'S EDUCATION crisis will not be overcome without substantial extra funding, Mr Giles Radice, Labour's education spokesman, said yesterday.

Speaking in Doncaster, he emphasised that money was not the whole answer to the problems confronting the education system, and more could be done to manage available resources effectively. Mr Radice said he welcomed the replacement of Sir Keith Joseph as Education Secretary, but while Mr Kenneth Baker was a better communicator than his "hapless predecessor," a change of Ministers alone would not be enough.

Base rates drop to 9% forecast

BY GEORGE GRAHAM

BASE RATES should fall to 9 per cent by the end of the year, a senior economist at National Westminster Bank has forecast. Mr David Kern, chief economist of NatWest's market intelligence department, sees the authorities maintaining a cautious stance, with rates possibly rising again to 9½ per cent by the end of 1987.

By the end of the year, Mr Kern expects to see both money-market interest rates and yields on government bonds higher than bank base rates. The pound might weaken over the next year as the interest-rate differential between the UK and other countries narrows, Mr Kern says in NatWest's latest Economic

and Financial Outlook. That may not, however, be a smooth process, particularly if political uncertainties over the outcome of a general election intensify. Mr Kern therefore expects sterling to move in a wide range between \$1.35 and \$1.60 against the US dollar over the next year.



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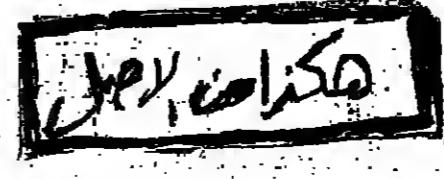
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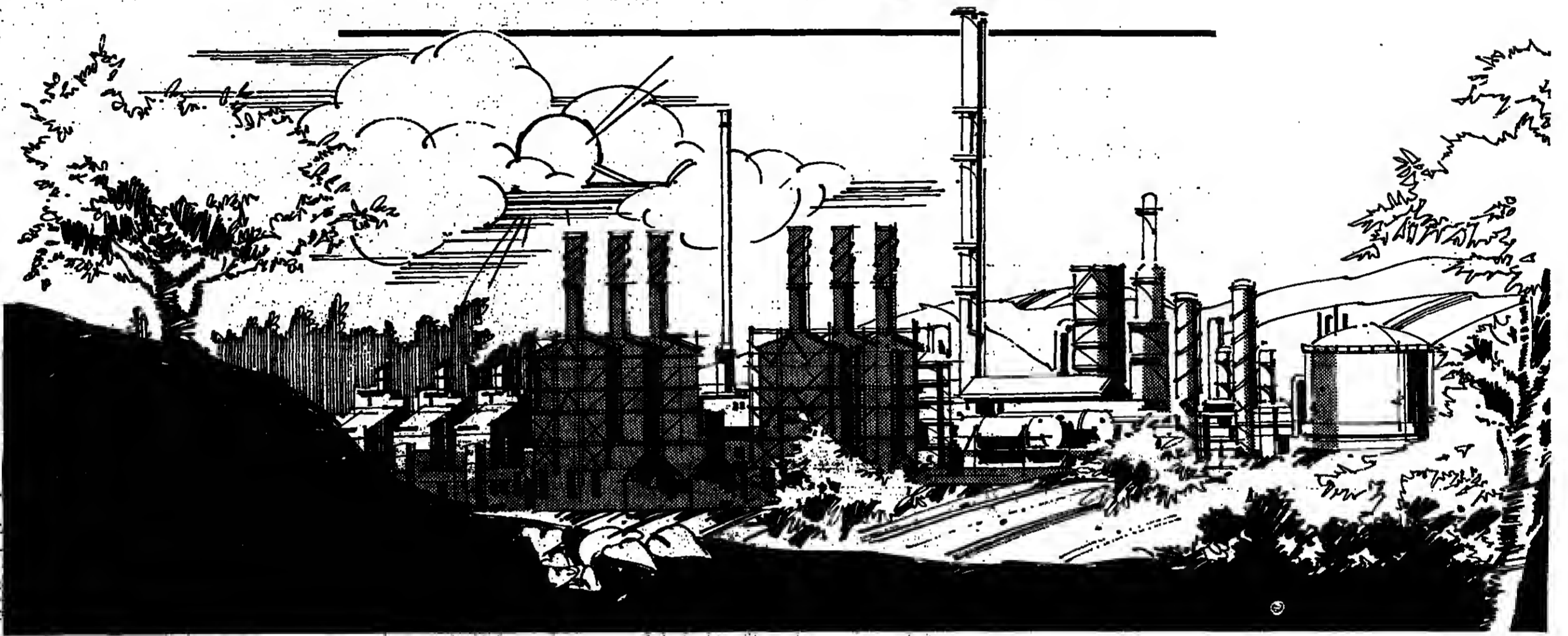
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The Essochem Fife Ethylene Plant at Mossmorran and Braefoot Bay was completed ahead of schedule and under budget. It took almost 2 million manhours to design and 18 million manhours to construct. Building it involved a peak workforce of over 4,000 people with more than 9,000 individuals overall. More than 20,000 tonnes of steel and equipment were used, with 400 miles of piping and 860 miles of cable. When the first vessel carrying ethylene left Braefoot Bay on 21 November 1985, it brought to fruition a 'grass roots' project costing over £400 million.

The Fife Ethylene Plant is a demonstration of Essochem's continuing confidence and commitment to Britain. Over 70 per cent of all equipment and materials purchased for the project came from UK based suppliers.

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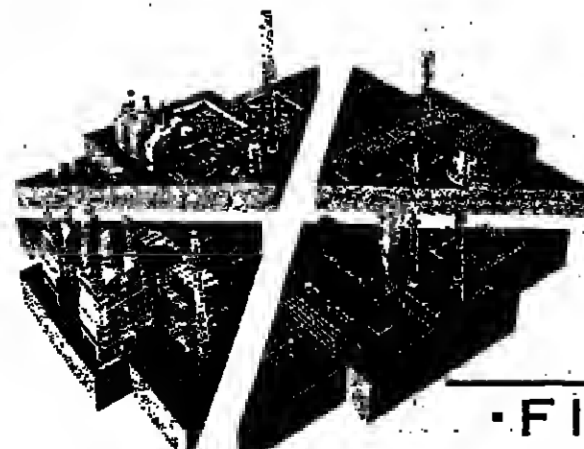
Financial Times Friday June 6 1986

Challenge

Money 'not whole answer for schools'

By Michael Cassel

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# THE ARTS

## Theatre

**LONDON**  
**Lead Me A Tenor** (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1834. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries a regardless. (437 1592)  
**Blithe Spirit** (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 9987)

**Torch Song Trilogy** (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tacitly unwept writing. (836 3878)  
**Lesons** (Astor): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287)  
**When We Are Married** (Whitehall): Matchless comic playing from an all star cast in Priestley's comic war-house about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a

drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (820 7785)  
**Notes Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blake-more's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (838 8388)  
**Interpreters** (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Flawed direction by Peter Yates of the West End's best new play of the year. (734 1168)

**2nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Obrecht, but David Mar-riell's tap-dancing extravaganza has been rapturously received. (836 8188)  
**NETHERLANDS**  
**Amsterdam**, Tropentheater (Lina-sustrat 2): Théâtre du Soleil from Paris with Hélène Ciroux/L'Histoire terrible mais inachevée de Norodun Sihanouk; 8 hours of theatre spread over two evenings (Sat and Sun, Mon and Tue, Wed and Fri). (528 8200)  
**The Hague**, Koninklijke Schouwburg, Marguerite Duras' Savannah Bay directed by the author, with Made-leine Renaud and Bulle Ogier (Wed). (46 94 50)

**Amsterdam**, Krolings (Nwe Passer-derstr. 1): Children's theatre from the Maccus group, with Medoe, a modern rendering of Reynard the Fox (Thu). (24 81 23)  
**Amsterdam**, Suikerhof Theatre (Prin-sengracht 381): The Hall Family presents Old Time Music Hall, with songs to make you sing and jokes to make you weep (Fri, Sat, Thur). (22 75 71)  
**NEW YORK**  
**Cats** (Winter Garden): Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically felicitous, but classic only in the sense of a rather staid and overblown idea of theatricality. (238 8282)  
**The Not Rappoport** (Booth): In moving to Broadway, Herb Gardner's touch-ing, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (238 8200)  
**Big River** (O'Neill): Roger Miller's music recycles this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1965 Tony awards almost by default. (248 0228)  
**Loot** (Music Box): John Tillingier di-rects this high-spirited revival of Joe Orton's 1963 macabre farce fea-turing Zoe Wanamaker as the homici-dal nurse who romances a widow-er while burying his wife and con-verting with their surviving son to hide the body. (528 8200)

**WASHINGTON**  
**The Caine Mutiny Court Martial** (Eli-sabower): Charlton Heston and Ben Cross star in the military courtroom drama written by Herman Wouk. Ends July 8. Kennedy Center (254 8679)  
**CHICAGO**  
**Orchards** (Goodman): Seven American playwrights, including Michael Weller and John Guare, interpret Chekhov short stories for an in-spired evening of performances by the Aetna Company which made the commission. Ends June 28. (443 3800)  
**Pump Boys and Dinettes** (Apollo Cen-ter): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kit-chen utensils has proved to be a dra-ble Chicago hit. (925 8100)

## Opera and Ballet

**WEST GERMANY**  
**Berlin**, Deutsche Oper: Fidelio, stars Gwyneth Jones, Barbara Vogel, René Kollo and Viktor von Haelen. La Gioconda is a Philippe Sanjust production. Lucia di Lammermoor has Angela Denning and William Murray. (34 381)  
**Hamburg**, Staatsoper: Boris Godunov, in a concert version has Gabriele Fontana, Rachel Josefson, Walter Raffner and Kurt Moll. Handel's Belshazzar brings Felicia Donath, Wal-ter Raffner and Harald Stamm to-gether. La Cenerentola di Tito with Gabriele Fontana, Tatjana Troyanov, Hermann Winkler and Harald Stamm. Otello with Maria Chiara, Olive Fränström and Vladimir Atlan-terov. (85 11 32)  
**Frankfurt**, Oper: La Bohème, sung in Italian, has Yoko Watanabe as Mimì and Giacomo Aragall as Rodolfo. Di-do und Agnes has fine interpretations by Gherys Linos and Valentin Jari. Die Walküre includes Catarina Ligendza, Helena Dose, Wolfgang Probst and Manfred Schenk. Also Orpheus in der Unterwelt and Fidelio. The latter has Lisbeth Bielewicz as Leonora. (25 821)  
**Cologne**, Opera: Cendrillon has Ann Murray excelling in the title role. Der Freischütz features Nadine Se-condo and Thomas Tomasschke.

**PARIS**  
**Ballet Cullberg**, combines the inheri-tance of German Expressionism and Italian, has Yoko Watanabe as Mimì and Giacomo Aragall as Rodolfo. Di-do und Agnes has fine interpretations by Gherys Linos and Valentin Jari. Die Walküre includes Catarina Ligendza, Helena Dose, Wolfgang Probst and Manfred Schenk. Also Orpheus in der Unterwelt and Fidelio. The latter has Lisbeth Bielewicz as Leonora. (25 821)  
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## Arts Week

**F I S | S a M | T u | W | T h**  
**6 | 7 | 8 | 9 | 10 | 11 | 12**  
**PLIGHT** in the opera's central con-frontation (836 3161).  
**Sadder's Wells**, Rosebery Avenue: Bal-let Rambert opens its 80th anniver-sary season on Thursday. (278 8916)

**ITALY**  
**Rome**, Teatro dell'Opera: La Bohème conducted by Daniel Oren in Pier-luigi Samaritani's production. The cast includes Nelly Miricioiu, Fran-cisco Artaza and Alessandro Corbel-li. (48 17 83)  
**Milan**, Teatro alla Scala: Homage to Debussy: Pelléas et Mélisande di-rected by Antoine Vitez and con-ducted by Claudio Abbado, with Yannis Kokkos's abstract sets. The excellent cast includes Federica von Stade and Nicolai Ghiaurov (80 91 29)  
**Naples**, Teatro San Carlo: The Barber of Seville directed by Roberto de Si-mone and conducted by Bruno Bar-toletti with Luciana D'Alonzo, Bruno Pola and Curtis Rayan. (41 82 86)

**NETHERLANDS**  
**Amsterdam**, Carré: Wagner's Die Meistersinger from the Netherlands Opera and the English National Opera directed by Elijah Moshinsky and designed by Timothy O'Brien, with the Concertgebouw Orchestra conducted by Edo de Waart. Soloists William Johus, Kathryn Bouleya, Jari van Nes, Norman Bailey (Wed). (225 225)  
**Amsterdam**, Stadschouwburg: The Wuppertal Dance Theatre, with choreography by Fina Bausch (Mon, Wed, Thur). (24 23 11)  
**Amsterdam**, Micky Theatre: Bartok/Aantekeningen choreographed by Anne Teresa De Keersmaeker of Brussels (Tue to Thur). (238 777)  
**SPAIN**  
**Madrid**, Donizetti's Il Campanello with Paloma Pérez Inigo, Enrico

Serra and Carlos Chausson and Le-oncavallo's Pagliacci starring tenor Jose Carreras, Ileana Tuohi and Le-elianca. (925 82 18)  
**Barcelona**, Les Centes d'Herminia: Delightful and romantic opera with Alfredo Kraus in the title role together with new Spanish soprano revelation Eneida Lloris. Gran Teatre del Liceu, Sant Pau I (318 92 77)  
**Madrid**, Rafael de Córdoba and baile-co. An excellent performance of lighting and music all offering a brilliant display of Spanish Clas-sical Ballets. Farrucas, Tanguillo and Taranis. A must to comprehend Spanish Ballet roots. Teatro Alben-iz. Fax: 11. (222 02 00)

**VIENNA**  
**Staatoper**: La Traviata conducted by Kiebert with Gruberova, Sima, Han-terreier; I Capuletti e i Montecchi La Gioconda conducted by Fischer. Die Walküre conducted by Schö-nauer with Leonie Rysanek, Josef, Fa-bianer, Lotte Rysanek (53 24 26 55)  
**Volsper**: Madame Pompadour con-ducted by Bibl; The Barber of Se-ville conducted by Richter; Die Land des Lächelns conducted by Bauer-Theussl. (53 24 26 57)

**NEW YORK**  
**New York City Ballet** (New York State) Lincoln Center. (870 55 70)  
**American Ballet Theatre** (Open House): Mikhail Baryshnikov brings his company to its two-month spring season with four new works choreo-graphed by Kenneth MacMillan: John Taras, David Gordon and Ka-rol Armitage, which join the reper-tory that includes The Nutcracker, Don Quixote, Giselle and La Baya-dere. Ends July 5. (382 0000)  
**Martha Graham Dance Company** (City Center): 50th anniversary ses-sion includes 10 new works and presen-tations (among them a 1928 set from the company's first New York season in 1926) and seven Graham classics. Ends June 15. 50th E. of 7th Av. (246 8899)

**TOKYO**  
**Meiya Pheoksky and Soviet Bal-** Stars in a programme of favours from classical ballet repertoire. It-kyo Bunka Kaikan. (Mon, Tue, We, Thur). (319 2456; 311 1251)  
**Edith Mathis** (soprano): Beetho-ven, Richard Strauss song rec-ital. Tokyo Bunka Kaikan Recital Hall. (Thu). (571 1889)

**NEW YORK**  
**Merkin Hall** (Goodman House): Ber-ber De Gaetano piano recital. J. zart, Robert DeGaetano (piano) recital. Merkin Hall. (Mon): Helene Arta Co-raie and Chamber Singers. Fly-robison Grossman director. Me-deleohu, Bonnie Shur, Simon Se-gon, Ben Steinberg, Cantor De-son, Levonchik, Mendelsohn (Tue): The Raul Susano piano recital. Ska-mann, Barber, Ravel, Liszt (Wed): 67th W. of Broadway (322 8718).  
**Bergamassi** (Fulton Ferry Landing): Chamber music concert with We-ren Lash, cellist; Charles Nefici clarinet; Diane Walsh, piano. De-lycy. Beethoven, Brahms, Brodsky (524 4061).

**CHICAGO**  
**Chicago Symphony** (Orchestra Hall): Andrew Davis conducting: Mikal-Andra, piano. Britten, Beethoven Prokofiev (Thu). (235 8111)  
**TOKYO**  
**NHK Symphony Orchestra**, conducted by Hiroshi Wakasugi. Makler: NHK Hall (Wed, Thur). (465 1700)

**SPAIN**  
**Madrid**: Contrasts of Forms. Abstract and geometrical art sponsored and recently exhibited at Mona, New York. 150 works by 20th century artists set out chronologically, offers a coherent display to 1980 with Braque, Léger, Picasso, Mondrian. Biblioteca Nacional, Paseo de Co-colos 22. (435 40 03). Ends June 8.

**NEW YORK**  
**Japan House**: Burghley House, will be the earliest to be reconstructed in its original form. Europe, pro-vides a touring exhibit that will visit the High Museum in Atlanta with Japanese and Chinese objects dat-ing from the 10th to the 16th cen-turies. Ends July 27.  
**WASHINGTON**  
**Hirshhorn Museum**: 75 works of the California sculptor Robert Arnesen presents the glazed ceramics he pro-duced in what became the Tumbler movement in the 1960s, with its re-verse view of other artists, con-temporary artefacts and art itself. Ends July 6.  
**CHICAGO**  
**Art Institute**: Famous as a fashion photographer, Richard Avedon as-dertook a five-year project in the tra-dition of nineteenth-century photog-raphers such as William Henry Jay-son. The results are "a Fictional West", Avedon claims, with outstare portraits of Americans ranging from a rattle-snake roundup to county fairs. Ends August 3.  
**TOKYO**  
**Tang Three Colour Glasses**: Ceramic vessels and figurines recovered from burial mounds of the Tumulus period in their characteristic brown, green and blue glazes. Idemitsu Art Gallery, 9th floor of the Kokusai Building, above Imperial Theatre. Ends July 6.

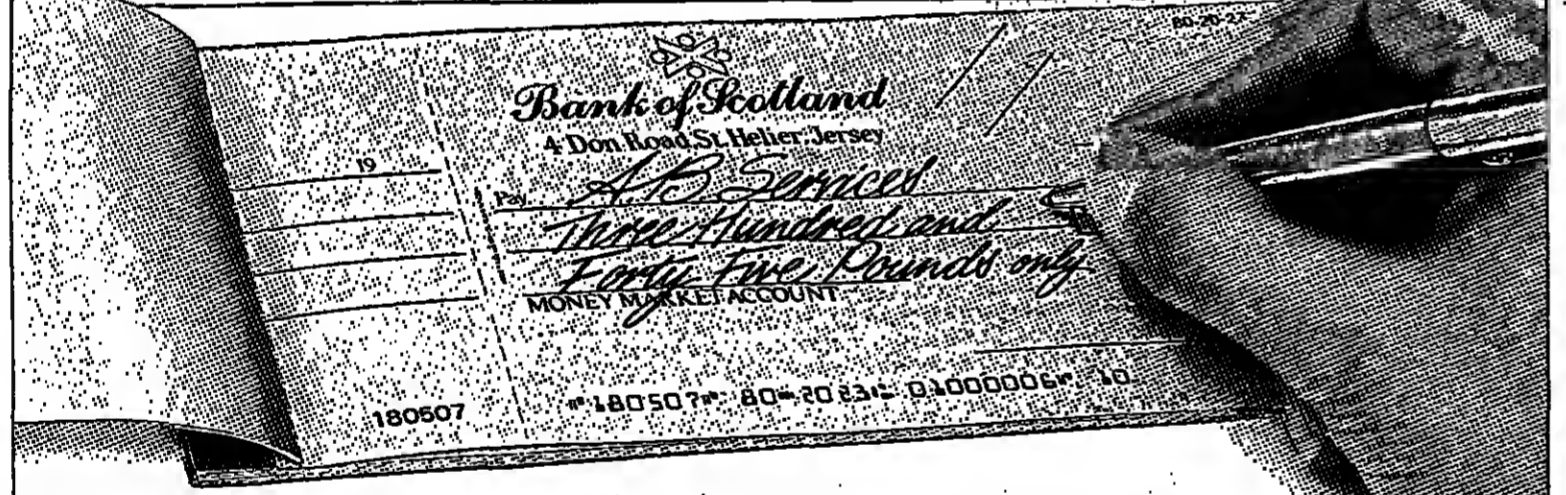


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## Music

**PARIS**  
**Anna Tomowa-Sitowa** recital (Mon). Théâtre de l'Opéra (4743 6727).  
**Orchestre National de France**, conducted by Christoph von Dohnanyi; Horacio Gutierrez, piano. Brahms, Mendelssohn (Mon). Salle Pleyel (4581 9838).  
**Czech Philharmonic** conducted by Václav Neumann; Mozart, F. Strauss, Dvorák (Mon). TNP-Châtelet (4253 4494).  
**Ensemble Orchestral de Paris**, conducted by Jean-Pierre Wallez; Alexandre Lagoya, guitar; Vivaldi, Rodrigo, Mozart (Tue). Salle Pleyel (4581 9838).  
**Celia Conneries**, Jean-Marie Gamard, Marie-Armye Malaguin, Vivaldi, Boccherini, Haydn (Tue). Saint-Severin Church (4633 3761).  
**Symphony Orchestra and Choir of Spanish radio and television**, conducted by M.A. Gomez-Martinez; De Falla, Rodrigo, Cuzidi (Tue). TNP-Châtelet (4253 4494).  
**Amadeus** piano, Mozart, Schumann, Brahms (Wed). Théâtre des Champs Elysées (3724 4777).  
**Ensemble Intercontemporain**. Olivier Messiaen (Thu). Centre Georges Pompidou. Grande Salle (4278 7965).

**LONDON**  
**Philharmonia Orchestra**, conducted by Giuseppe Sinopoli; with Bruno Giuranna, violin. Berlioz, Schubert and Debussy. Royal Festival Hall (Tue). (928 3191).  
**London Mozart Players**, conducted by Jane Glover with Heather Harper, soprano. Mozart and Britten. Queen Elizabeth Hall (Wed). (928 3191).  
**English Chamber Orchestra**, with Sir Georg Solti and Murray Perahia, soloists. Mozart piano concertos in the presence of the Prince and Prin-

**NETHERLANDS**  
**Amsterdam**, Concertgebouw. Recital Helt 17th century Italian music, with Frans Brüggen, flute, Gustav Leonhardt, harpsichord; Anthony Woodrow, double bass (Wed). The Schiedamsche Quartet. Chausson (Thu). (71 83 45).  
**Rotterdam**, Doelen. James Conlon conducting the Rotterdam Philharmonic; Nai Yuen Hu, violin. Beethoven (Thu). (14 29 11).  
**Utrecht**, Vredenburg. 1988 Franz Liszt piano concours. Semi-finals Mon, Tue (11, 2 and 0 pm); finals (six candidates), with the Netherlands Philharmonic conducted by Anton Korjaks, Thur (8:15 pm). (31 43 44).  
**Amsterdam**, Frascati. Klas Torstensson's multi-media project Barstend 1/3, for 24 voices, four percussionists and electronics (Tue to Thur). (23 57 23).

**WEST GERMANY**  
**Berlin**, Akademie der Künste. Ha-esterweg 10: Life Or Theatre? This exhibition displays 250 gouaches by Charlotte Salomon. She died, aged 28, in Auschwitz, June 15.  
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**PARIS**  
**Anna Tomowa-Sitowa** recital (Mon). Théâtre de l'Opéra (4743 6727).  
**Orchestre National de France**, conducted by Christoph von Dohnanyi; Horacio Gutierrez, piano. Brahms, Mendelssohn (Mon). Salle Pleyel (4581 9838).  
**Czech Philharmonic** conducted by Václav Neumann; Mozart, F. Strauss, Dvorák (Mon). TNP-Châtelet (4253 4494).  
**Ensemble Orchestral de Paris**, conducted by Jean-Pierre Wallez; Alex-andre Lagoya, guitar; Vivaldi, Rodrigo, Mozart (Tue). Salle Pleyel (4581 9838).  
**Celia Conneries**, Jean-Marie Gamard, Marie-Armye Malaguin, Vivaldi, Boccherini, Haydn (Tue). Saint-Severin Church (4633 3761).  
**Symphony Orchestra and Choir of Spanish radio and television**, conducted by M.A. Gomez-Martinez; De Falla, Rodrigo, Cuzidi (Tue). TNP-Châtelet (4253 4494).  
**Amadeus** piano, Mozart, Schumann, Brahms (Wed). Théâtre des Champs Elysées (3724 4777).  
**Ensemble Intercontemporain**. Olivier Messiaen (Thu). Centre Georges Pompidou. Grande Salle (4278 7965).

**LONDON**  
**Philharmonia Orchestra**, conducted by Giuseppe Sinopoli; with Bruno Giuranna, violin. Berlioz, Schubert and Debussy. Royal Festival Hall (Tue). (928 3191).  
**London Mozart Players**, conducted by Jane Glover with Heather Harper, soprano. Mozart and Britten. Queen Elizabeth Hall (Wed). (928 3191).  
**English Chamber Orchestra**, with Sir Georg Solti and Murray Perahia, soloists. Mozart piano concertos in the presence of the Prince and Prin-

**NETHERLANDS**  
**Amsterdam**, Concertgebouw. Recital Helt 17th century Italian music, with Frans Brüggen, flute, Gustav Leonhardt, harpsichord; Anthony Woodrow, double bass (Wed). The Schiedamsche Quartet. Chausson (Thu). (71 83 45).  
**Rotterdam**, Doelen. James Conlon conducting the Rotterdam Philharmonic; Nai Yuen Hu, violin. Beethoven (Thu). (14 29 11).  
**Utrecht**, Vredenburg. 1988 Franz Liszt piano concours. Semi-finals Mon, Tue (11, 2 and 0 pm); finals (six candidates), with the Netherlands Philharmonic conducted by Anton Korjaks, Thur (8:15 pm). (31 43 44).  
**Amsterdam**, Frascati. Klas Torstensson's multi-media project Barstend 1/3, for 24 voices, four percussionists and electronics (Tue to Thur). (23 57 23).

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*Handwritten signature: J. P. Colisio*



# THE ARTS

## Cinema/Nigel Andrews

### Miss Page takes a trip to the Oscars

**The Trip to Bountiful** directed by Peter Masterson  
**Lamb** directed by Colin Gregg  
**Six Nix Hicks Pix** at ICA, London  
**Goodbye New York** directed by Amos Kollek  
**Carlos Saura** season, National Film Theatre, London



Geraldine Page in *The Trip to Bountiful*

In cinema there is good acting, there is bad acting, and somewhere off in a world entirely its own there is Oscar-winning acting. Geraldine Page scooped the Best Actress statuette for her performance in *The Trip to Bountiful* and for the Oscar which always stupefies it bears much the same relation to normal thespian activity as a cinema Warhitzer does to an upright piano. For over 50 years in movies Page has been a law unto herself. She does not act; she does not even in the accredited Method manner "non-act"; she erupts in a veritable bouquet of tact, mannerisms and emotions. Whether tackling an emphysemated Tennessee Williams heroine (Sweet Bird of Youth, *Summer and Smoke*) or a scarce-budded supporting role (Baz Luhrmann's PR woman in *White Nights*), Page is a force of nature hurling her boathouse idiosyncrasies out into the stills.

No wonder she has been nominated seven times before for the Oscar which always favours ardent hyperbole over art-concealing subtlety. The world would be poorer without Page, but the snag is that it is the actress and not the character that one keeps seeing in *The Trip to Bountiful*. Here is willful, wistful Ma Watts, the runaway oldest of Horton Foote's 1953 play which has already jerked tears on TV, on Broadway, off Broadway and now on the movie screen. Cribbed and cabled in the dingy Houston apartment she shares with her spineless son (John Heard) and domineering daughter-in-law (Carlin Glynn), all Ma Watts wants to do is get

out. Get out and pay a last revivifying visit to Bountiful, the tiny Texas farming town where she was raised. One day she breaks free, hops on a bus and beads thither. Will she get there? Will she still be in one piece when she does?  
 Peter Masterson directs Foote's own screenplay as if short of money or imagination, or perhaps both. The colour photography is drably inexpressive, the continuity is appalling (characters' gestures or expressions in one shot often bear no relation to those in the immediately succeeding shot) and Heard and Glynn fail to make the younger couple more than two-dimensional stock characters. But Page is up there on

screen building her own irresistible behaviouristic folly. She croons, she hums, she snarls, she pats her hair, she reminisces, she blazes, she calms; she rests her head in a wistful spray of fingers, she wears a raggle-taggle straw hat and a flowered frock that has seen better centuries. And she wraps her larynx around a Texas accent as keen as a cheyenne and as baroquely complex as a Bach fugue.  
 Is it good acting? Be your own judge. There is so much on display that at times you cannot see the music for the grace-notes. But it is also a trip to bountiful virtuosity, and in a star-struck cinema we probably need it. Oscar-sceptic though I am, it is hard to resist an actress who can illuminate

the screen with zeal and élan when everyone else is searching for the light switch.  
 \*  
 "Discipline is love disguised," burrs Ian Bannen as Brother Benedict, martinet head of an Irish reform school, in *Lamb*. Scripted from his own novel by Barnard (Col) McLaverty and directed by Colin (Rememberance) Gregg, this intriguing tale of two runaways searching for their own and each other's salvation—a 10-year-old epileptic boy and the young teacher who whisks him away from the school and off to London—rattles with allegorical ideas on love and faith, freedom and discipline. But it also resembles one of those frustrating puzzle games in which, whichever way you tilt the plastic maze, the silver balls will not quite go through in the way you want or find an unambiguous centre.

The boy (Hugh O'Connor) is a phizicse urchin fowl of mouth, fond of cigarettes and prone to sudden fits. Born to trouble, he has survived a mother who tried to kill him and a disease which is still trying to. Victimised by teachers and boys, he attracts the love and pity of young Brother Michael (Liam Neeson), whose doubts about the school in particular and Catholicism in general are catalysed when his father dies, leaving him the money and the emotional freedom to quit both.  
 There follows flight to London, refuge in a downward spiral of seedy hotels, and pursuit by strident headlines of the Antrim coast, are bleakly chequered and landed in Tel Aviv. Will she find love and happiness machete-ing bannans crops on the banks of the Jordan rather than window-shopping in the Rue de Rivoli? Since the movie is written, produced and directed by an Israeli, it is just possible she might. What the audience will find is less certain: some sparse laughs and half-cock romance, and much ghostly moralising on the virtue of trading riches for rags.

After this, even the films of Carlos Saura will seem like a holiday. The gifted if variable Spanish celluloid-wizard (*Pepi, Luci, Bom y otras chicas del corral*) seems unsure whether to steer the story towards redemptive parable or routine suspense and too often opt for the latter. (Will the cops catch the duo?)

What about the prying landlady in the B and B? When the ending comes—a scene of drowning which is big with hap-tismal symbolism and spiritual adjection—it feels like a desubbed lunge towards high art after too much penny-plan "what happens next?"  
 \*  
*Lamb* is still a brave attempt by British cinema to do something a little different. And British bravery is also on display at the ICA. Their new season is called "Six Nix Hicks Pix," a tongue-twisting sample of Variety-speak which even I, an avid reader of the same, cannot decode. But the two-week programme offers six (accidentally) new movies by young "unknown" British filmmakers, four from film schools, and should be banneted to be all adventurous UK cinephiles. This may be the shoestring division of British Film Year, but it is by the bootstraps that a film culture often pulls itself up into greatness.

Goodness knows what could have raised from the depths Amos Kollek's *Goodbye New York*, which the Press handout tells is a romantic comedy. "I am grateful for the information. We are in an Israeli kibbutz with Julie (Airplane!) Hagerly, an American vacation-seeker who missed Paris, lost her travellers' cheques and landed in Tel Aviv. Will she find love and happiness machete-ing bannans crops on the banks of the Jordan rather than window-shopping in the Rue de Rivoli? Since the movie is written, produced and directed by an Israeli, it is just possible she might. What the audience will find is less certain: some sparse laughs and half-cock romance, and much ghostly moralising on the virtue of trading riches for rags.

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Terence Rattigan's 1960 episodic play about Lawrence of Arabia was once thought daring in its treatment of the hero's sudden retreat from the Arab campaign against the Turks. Although nothing is stated directly, it is clear that after his capture by the Turks at Daraa, where we see Rattigan's Lawrence sketching plans for the airport, offstage heating and sexual violation destroys his will to carry on.  
 The author himself is reticent to the point of evasion about what are Lawrence's real feelings, even though the Arab campaign is seen in flashback from the RAF depot in Uxbridge where "Ross" has signed on in 1922 to seek anonymity and a period of self-assessment.  
 The main problem with Roger Redford's production is that Simon Ward transmits nothing of the character's interior life at which Rattigan sneers only hints. Mr Ward is odd casting altogether. He is too tall, too heavily-fleeced and too transparent an actor to convey the mysterious authority Lawrence lays around him, and key episodes such as the farewell to the Holed Hammed and the quiet departure from the RAF barracks carry no weight. Even Generali Allenby (Spike) and David Lean (made amends with the Robert Bolt screenplay in 1962), huj its theatrical creakiness shows in the use of the vast Middle East political panorama of the time as a feeble backdrop to an identity crisis that is not, in the end, satisfactorily unravelled. Nor can we easily

outrule Tynn's objections to flatness of phrasing and pat antithetical dialogue devices.  
 Like Bolt's *Mon* for all Seasons of the same year, this is pre-Brechtian historical drama, concern-wrapped for the post-Brechtian age. What, for instance, does Ross actually mean by asserting that one thing worse than self-pity is self-knowledge? Nobody of any intelligence could either say or believe that. And yet this is presumably Lawrence's tragic flaw, the inability to acknowledge his own homosexual masochistic nature.  
 But the theme is buried beneath facile, self-consciously crafted encounters between Lawrence and the Allahy faction in Cairo; between Lawrence and his unmade Bedouin friends (it is impossible to shut out here Alan Bennett's "Teenage Lawrence" skit in *Forty Years On*); between Lawrence and "Ross," and the RAF squad-

ier Roland Curran does a Yul Brynner impersonation underneath incense-spewing brass fittings, thereby establishing his civil credentials as Lawrence's chief violator.  
 Outward tact and inner turmoil must have suited Alec Guinness down to the sandy ground in 1960. Mr Ward manages a spasmodic outburst of incomprehensible callousness at the end, but little else. Around him, David Langton is a delightfully deft Allenby, Ernest Clark and Bruce Montague superbly light and suave as his advisers Barrington and Ronald Storrs (the latter a friend of Rattigan's diplomat father when the family stayed in Cairo). While actors blocking up as Turks and Arabs—Equity must surely have something to say about that—include Garfield Morgan (as the valiant Auda), Seymour Mathews and Michael Walker. The efficient and airy designs are by Mark Thompson.



Simon Ward

### Springtime for Henry/Northcott, Exeter

B. A. Young

Ben W. Levy's comedy is full of good lines, and the plot is almost as full of holes. Two couples are involved, in one corner the eponymous Henry, a prosperous idle bachelor characteristic of 1930 comedies, and his secretary Miss Smith; in the other, Henry's Irish friend John, a small manufacturer of carburettors, and his wife Julia, with whom Henry is having an affair.

Miss Smith, engaged halfway through the act, believes in the clean life, the decent thing, so Henry gives up gambling and drinking and Julia in the hope of making a more than secretarial association with Miss Smith. But Miss Smith has

earlier been introduced in a different context. While Henry has been offstage, she appears as the girl who was almost run over outside the house, and in this character she has made friends with John, who tells her his name is Brown and I don't blame him, as Mr Levy has called him "Jelliwell." This connection has evolved in Henry's sitting room, a spacious chamber designed by Kit Surrey. Here people come in and out without keys, doorbells or appointments, and the flowers remain unchanged over the "several weeks" between the first and last acts. With so little concern about

### Melos Quartet/Wigmore Hall

Andrew Clements

The Melos Quartet is a reassuringly secure and robust-tongued group. There is quite a clutch of first-class quartets on both the national and international circuits at present, but the consensus of them favours a leaner, less openly expressive style than the Melos, whose generosity of sound is applied with as much gusto to Haydn as to Brahms and Zemlinsky.  
 Zemlinsky's Third Quartet was the main prize on Wednesday night, qualifying the concert for inclusion in the Wigmore Hall's "Late Romantic" series, as well as one of its "Summer Nights." But ironically the Third Quartet takes Zemlinsky almost to his farthest point from romanticism: in no work of his that I've heard are his modernist leanings more obvious. It trespasses boldly upon Schoenbergian territory, though the Schoenberg of the Op. 10 Quartet rather than the Wind Quintet (1925), which is its precise contemporary. For once, though, Zemlinsky gets everything right: the structure is tight and meaningful, themes are bold and memorable, harmony easily malleable. It is strange that the effective-

ness of the work did not embolden the composer to further experiments, but rather the reverse.  
 The Melos gave every impression of having toured the world extensively; their account was as naturally idiomatic as that of Brahms' A minor Quartet which followed it. Zemlinsky uses solo instruments to articulate his music, and the distinction with which these were played by all the quartet members highlighted them as islands of straightforward melodic statement in a language that deals essentially in intricate thematist and formal dovetailing.  
 There is no doubt that the Quartet's sound is more attuned to the 19th-century repertoire than to Haydn, but his Op. 77 no. 1 was suitably genial, never forced; the finale provoked the only hint of rough ensemble and intonation in the recital. Brahms, however, fits them like a comfortable glove; at times their fluency seems a shade too easy, almost complacent. But astuteness would have been out of place, and the gentle intertwining of the Andante as well as the genteel egyptian rhythms of the finale were beautifully judged.

### Mary Stuart/Coliseum

David Murray

For this Donizetti revival the English National Opera has found itself with a temporarily bilingual *Maria Stuarda*, as with the recent *Porsifida*. Replacing Rosalind Plowright for the first three performances, the Creek soprano Jenny Drivalva sings the Queen of Scots—but in Italian. (Later it will be Faith Elliott, in English.) As in *Porsifida*, the effect is not inapt: each character arrives in dramatically alien territory. It is not lost upon bilingual members of the audience, since Miss Drivalva's gamut of vowels doesn't exceed Z, and is therefore quite generally unintelligible.  
 She is a compact little person, with fine Greek eyes and bones, and a knack for being expressively still. The voice is used with spirit and some style, though it hasn't the fine grain (nor therefore any real morbidity) that would best match its modest size. Her confrontation with Jane Eaglen's Elizabeth struck sparks; she lacked the dramatic variety to make the most of her final sequence of affecting effusions before the scaffold.  
 Miss Eaglen, looking like an enraged bunch of chrysanthe-

mums, plays the English Queen on a short fuse between resentment and vindictiveness, less commanding than dominating. In quick music her energetic, forward soprano is excellently flexible; in measured exchanges there were patches of thin tone, and no colour-distinction between declarations and asides. She makes the character vivid, with crisp diction—in fact her line is incisive enough that she could afford to point key words more expressly still. Since forceful candour is her keynote, it might as well be developed.  
 Admittedly the words the translation gives her do not always sing well—too many consonants, too often a covered vowel where the phrase requires a bright one. Can it really be only 13 years since the original ENO revival, for which the translator's programme-note (reprinted this time) explained, "In Donizetti's opera there is a strong romantic attachment between Mary and Leicester, but it was felt that as this element was not strictly historical, it should be played down in the text" (that

is suppress a central strand of the opera)? One gasps; the current programme also details the ludicrous difficulties that Maria Stuarda had with Neapolitan and Milanese censors a century and a half ago.  
 In John Copley's production Mary and Leicester are still treated gingerly, leaving Arthur Davies' Leicester constrained to a respectful distance even in the love duet. His usual fervour tells, but less than usual. Patrick Wheatley's Talbot is slouch and self-effacing; neither he nor Mary sound convinced in their unctuous duet of consolation and submission. Susan Bullock's Hannah is a strong, sympathetic companion for Mary, and if the Cecil of Christian du Plessis is a mere lay figure he makes a solid vocal contribution to the last occasion when we see Elizabeth.  
 Expertly lit by Eric Otto (after Robert Bryan), Desmond Heeley's simple, striking sets remain an asset, without unsuitably epic pretensions. The chorus is well drilled, and Peter Robinson conducts efficiently.

### Eight Decades/Elizabeth Hall

Dominic Gill

The BBC's "Music of Eight Decades" series omitted its customary acknowledgement of pre-war masterpieces on Wednesday, and instead devoted its programme, played by the London Sinfonietta under Leifur Zagrosek, entirely to music from 1960 onwards—and more than half of that from the present decade.  
 The evening's premiere was a sinfonietta commission from James Dillon (b.1950) called *Oberschreiten*, scored for 16 players. It was a dense and busy offering, 22 minutes long, which I found almost impossible to penetrate. I should also add "vacant"—since I suspect *Oberschreiten* of being an

elegantly presented non-piece, largely devoid of musical (or indeed any except perhaps a certain phenomenological) interest: an artistic con-job, in 3 1/2 words. There's no "right" or "wrong in such suspicions—only casual or serious, and I'm serious. But only time will tell and time has a habit of being very casual indeed.  
 We also heard Roberto Gerard's gentle little *Libro* from 1968; Pierre Boulez's even littler *Décrit*—written as a tribute to William Glock two years ago; a dry, enigmatic scrapbook of fragment equities without the message; and Bruno Maderna's odd, whimsical, episodic Con-

certo for oboe and chamber ensemble—a veritable draught of the early 1960s, shivered from time to time by its huge array of percussion.  
 The evening's real piece of music arrived last. Xenakis's *Thollein* was written in 1964 for the Sinfonietta, and its hard, bold, sharp-sculptured outlines came as exquisite relief: a collision course of disparate energies, brilliantly contained. Nothing in it—though the fundamental shapes and timbres are the simplest of any we heard during the evening—is expected, or remotely predictable. There is a moral here somewhere: more than one.


### Saleroom/Susan Moore

#### Canvas under canvas

Christie's decision to sell the Edward James collection in situ paid off handsomely at West Dean yesterday. An oil by the Surrealist Max Ernst, *Aux portes du paysage*, which had failed at auction twice in the past five years, astonished the congregation in the tent by selling for £24,800 the financial year 1985 were presented. These show a net after-tax profit of 132.9 million French francs, an increase of 38.6% over 1984.  
 Among other items the meeting approved the accounts of the holding company, CAP GEMINI SOGETI S.A., and decided on a dividend of 12 francs per share, in addition to which French residents qualify for a tax credit of 6 francs per share. This dividend will be paid on 10 June, 1986.  
 A mixed general meeting was held after the ordinary general meeting in order to authorise the Board of Directors to seek funds from the capital market.  
 Within the framework of these authorisations the Board of Directors decided to undertake in the ensuing weeks an issue of bonds with warrants for a nominal value of about 600 million francs. This operation, in which shareholders will have a priority right, will be followed by an increase in capital amounting to 1 new share for every 10 held. Simultaneously, and within the framework of the current law, a further capital increase will be organised for the benefit of Group SUFF.  
 CAP GEMINI SOGETI — RESULTS FOR THE FIRST QUARTER OF 1986  
 The CAP GEMINI SOGETI Group—currently employing 6,230 staff—realised a consolidated gross turnover of 932 million French francs in the first quarter of 1986, an increase of 36% over the same period last year (666 million francs).

dealer, paid £25,080 against an estimate of £14-18,000 for his *Excelsior*.  
 Seventeen works—including Egyptian-inspired sculpture—by the idiosyncratic Leonora Carrington, were also sold. The most successful for her Surrealist oils, *The Guardian of the Egg*—a devotional image with a touch of Bosch—doubled its estimate, by selling for £13,200 to the International Art Center. The same dealer paid £51,840 for Dalí's *Landscape with Telephones in a Dish*, inspired by Chamberlain's calls to Hitler leading up to Munich. A fitting last surviving prop of Ballantine's company "Les Ballets 1933" which James lavishly sponsored—with the proviso that parts were specifically created for Tilly Losch—is Andre Derain's papier-mâché head for the *Donkey of Silenus*. It was sold against an estimate of £100-£150 for 1972. The West Dean sale has already totalled over £4m.  
 At a sale of Chinese ceramics and works of art at Sotheby's in New York on Wednesday, a massive Tang pottery horse, superbly modelled and coloured, sold for \$506,000. It was bought by Robert Ellsworth on behalf of a mystery philanthropist who will donate it to a as yet unknown major institution. More Tang figures can be seen at Sotheby's in London on Tuesday.

This announcement appears as a matter of record only



New Issue  
April, 1986

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Friday June 6 1986

# US warning to partners

LOWLY BUT SURELY the US is building up the pressure for a far-reaching change in economic policies among its leading trading partners. At stake is more than just a point of West German interest rates or an extra couple of trillion (million million) on the budget deficit in Japan. What West Germany and Japan are being asked to do is to reverse the philosophy on which their macro-economic management has been based for some years.

When Mr James Baker, the US Treasury Secretary, calls on the governments of other industrial countries to speed up their domestic growth rates, as he did at the International Monetary Conference in Boston last week, he is asking them to do the impossible, or at least the undesirable. That, at least, describes the world as the leading governments outside the US see it.

The proposition that "there is no alternative" to macro-economic policies of monetary and fiscal austerity is one on which the governments of West Germany and Japan, as well as Britain, have built their political reputations. They will not accept US demands for deflation without a struggle. And as the policymakers in Washington come to understand this, an escalation of the battle of wills between the US and its trading partners is to be expected.

**Market forces**  
There is not too much to be feared as long as this battle stays on the rhetorical and theoretical plane. Indeed, there is some merit in the view of the chairman of the Federal Reserve Board, directly contradicting Mr Karl Otto Pöhl, president of the Bundesbank, about the scope for easing West German monetary policy, as happened in Boston this week. This kind of disagreement keeps the speculators guessing and helps to prevent the markets turning into one-way streets.

Unfortunately, however, the US economic authorities are not engaged in a debate over West German and Japanese monetary policy as an intellectual diversion. The US is demanding a reactionary action from its main trading partners because of an enormous current account imbalance which cannot simply be wished away. The obvious alternative to faster growth in Japan and Europe, as Mr Baker and Mr Volcker have repeatedly said, is a further sharp depreciation of the dollar in the near future — or an even sharper depreciation slightly further ahead. The longer the imbalance between the US and the rest of the world persists, the larger will be the adjustment eventually imposed on the whole of the international trading system by market forces.

The other obvious possibility, apart from a devaluation of the dollar or a reversal of relative growth rates, is the one which has been hanging like a sword of Damocles over all the recent debates on international economic policy. The US could always choose to protect its trading partners by closing its markets to the rest of the world.

**Trade deficit**  
There is no point in crying wolf. President Reagan remains opposed to protectionism, at least as a general economic weapon, and pressure in Congress is probably no more intense today than it has been for much of the recent period. For the same time, it would be foolish for the US's trading partners to take Washington's foreboding for granted.

The greatest danger of protectionism is that trade wars tend to occur precisely when they are least wanted. As long as the US economy continues to grow at a reasonable rate and the financial markets continue to show a modicum of confidence in the dollar, protectionism is likely to be held at bay. But there are exactly the conditions under which the US trade deficit will remain excessive. Mr Baker's message is clear: a monetary policy which further devaluation of the dollar, the US deficit will only narrow if Europe and Japan overtake the US in terms of GNP growth for several years running.

On present policies in Japan and West Germany, no such reversal of growth leadership appears in any of the forecasts.

**How to spur competition**  
THE FORMAL announcement of the first comprehensive review of British competition policy since the Lieberman committee report in 1978 is a welcome, if somewhat belated, response to "merger mania" in the City. The anti-trust worries raised by the privatisation of monopolies and growing doubts about the effectiveness of the law governing cartels, collusion and predatory pricing. The Thatcher Government has always been keen to preach the virtues of competition: it now has an opportunity to think hard about the framework of legislation and institutions necessary if abuses of market power are to be prevented.

The terms of the review are encouragingly wide, but there is still a danger that it will concentrate excessively on the treatment of corporate takeovers and mergers. Did the Lieberman report. There are genuine and difficult issues to resolve here, but they do not go to the heart of competition policy: if one looks at Germany are so many other ways companies can abuse a dominant position besides absorbing a rival. EEC competition law, for example, has virtually nothing to say about mergers. Yet it provides an effective legal framework for dealing with a wide range of anti-competitive practices.

**Dawn raids**  
On the non-merger side, the first question the official review needs to address is whether the whole British legal approach to anti-competitive practices is not too lax. UK legislation rests on the presumption that abuses of dominant positions will be against the "public interest". Tougher regimes—such as those in the US, West Germany and the EEC—do not rely on presumptions and fuzzy definitions of the public interest, but on clear prohibitions: actions which restrict or distort competition are straightforwardly outlawed.

With prohibitions, competition authorities can be given effective powers—both of investigation and enforcement. EEC authorities, unlike the Office of Fair Trading, can seize documents in unannounced dawn raids and they can impose heavy fines. Perhaps more important, prohibitions allow for the possibility of private actions for damages: one of the biggest criticisms of the UK approach

is that companies are almost wholly dependent on the willingness of government officials to investigate complaints—they cannot initiate legal action on their own behalf.

The shortcomings of British law and the fact that EEC legislation already applies not just where trade with another member state is involved, but where trade with a third state raise a fundamental question: might it not be sensible to model domestic legislation on the relevant parts of the Treaty of Rome — Articles 85 and 86? At present, some UK lawyers are voting with their feet. They are telling their clients to forget about the OFT and instead seek redress in Brussels where the competition authorities are more aggressive.

**Flawed policy**  
On merger policy, the biggest contribution the review could make would be to assert what should be a self-evident truth: competition authorities should be concerned solely with competition issues. Too often in the past referrals and the subsequent appointment of Monopolies Commission have been motivated by extraneous considerations such as the nationality or character of the bidding company, the impact on employment of a merger, or regional policy issues.

The OFT and the Monopolies Commission need a sharper brief. Other priorities should be a re-examination of the process of referring bids, which is heavily criticised in the City, and of the speed at which assessments are carried out.

In announcing this review, the Government went out of its way to stress that existing legislation was working pretty well. It gave the impression it was merely responding to criticisms of which it was ill-founded. Nor does there seem to be much urgency about the review: there is not even a timetable for a subsequent discussion document.

This attitude borders on complacency; many consumers and small companies are far from satisfied with the protection afforded by UK law. The reality is that, in international standards, British competition policy is seriously flawed. This matters in an economy where the commitment to competition is often lukewarm.

**Official views**  
Whitehall's image is in for a boost, starting in the bleak and unlovely passages and stairwells of the Cabinet Office. Richard Luce has decided to

bring together his two oddly-matched portfolios—he is minister for the arts, and for the civil service—by asking young artists to paint murals and pictures for his offices.

Still to be decided is whether an "artist in residence" should be appointed—and whether the works should be from the brushes of well-known artists, or those struggling to make their names.

Luce does not claim to have the same knowledge of the art world as his predecessor, Lord Gowrie. He will take advice from galleries and councils in making the selection. But he is a firm believer that the quality of the working environment, whether the stately proportions of some Whitehall offices or the Local Job Centre, contributes to the morale of those working in it.

It may need more than temporary art to restore a sense of being valued among civil servants. But Luce argues, it will be a start.

**Smell of success**  
Revlon, the US cosmetics company, has turned to the British retail industry to recruit a new head of its cosmetic and perfume development and marketing division.

Revlon's new managing director of Selfridges, the leading Oxford Street store, leaves for New York next month to become president of Revlon's Group Three division.

Stephens was educated in the US, where his father went to work for the United Nations in 1948, and got his first job in retailing here.

## SOUTH AFRICA'S BLACK MINERS

# Dangerous flaw in a rich seam

By Stefan Wagstyl

GOLD MINERS' PAY

RAND THOUSANDS PER YEAR



THE MINING companies in South Africa are celebrating the centenary of the discovery of the country's gold fields.

They need all the inspiration they can get from the pioneering past. For their future has never looked more uncertain. So far, mining companies have escaped the worst of the unrest which has swept through South Africa in the past year. But miners have been killed or injured in disturbances. The number of strikes is running at unprecedented levels.

Mining has been insulated from the recession which has hit other South African industries by record profits from gold, easily offsetting the poorer performance of coal and base metals.

But on the political front, the mining houses face the same uncertainty as the rest of South African business. In the South Africa of 1986 riches alone cannot secure the future.

The most immediate challenge lies in coming to terms with the growing economic and political aspirations of the huge black workforce. The companies also have to ally the needs of white workers, who are increasingly tempted to emigrate. Beyond that they must review the way political change, coming in the wake of President P. W. Botha's reforms, may affect their long-term plans.

In its turn, the South African Government is keeping an anxious eye on the mines, since recession has made the flow of mineral exports more important than ever—minerals last year accounted for some 80 per cent of exports, while gold alone was 46 per cent of the total.

Metal traders also following events closely—despite rising production in other countries, South Africa still accounts for some 55 per cent of the Western world's gold output. There are sharp differences between the five large houses which dominate South African mining—Anglo-American, its associate Johannesburg Consolidated Investment (JCI), Rand Mines (part of the Barlow-Rand group), Gold Fields of South Africa (48 per cent-owned by Consolidated Goldfields) and Gencor—over labour policy, emerged at the Chamber of Mines, the employers' body. This year, no one rules out the possibility of an outright split.

One thorny problem is the last remaining piece of discriminatory labour law—the "scheduled person" definition, which allows only white miners to obtain blasting certificates.

White miners have fought bitterly to preserve it for fear of losing pay and status. The employers have pressed for change partly to better the lot of their black workers, but mostly to relieve a chronic shortage of skilled labour which has plagued mining for decades.

President Botha instructed the industry four years ago to negotiate an end to the colour bar. But talks between the Chamber of Mines and the all-white Mine Workers Union, which has 15,000 members in

the mines, have failed to produce an answer. Now the Government has said that colour bar is to be abolished by law this year.

Mr Arrie Paulus, MWU general secretary for the last 20 years, is ready to take the battle into the political arena. "Personally, I am prepared to address any right-wing rally in South Africa," he says.

The industry faces much greater potential threats of disruption from its 800,000 black miners, 450,000 of them in gold mines. The Chamber of Mines and the black National Union of Mineworkers are in the midst of negotiations on a claim for a 45 per cent pay rise from July 1.

Last year, the union asked for 40 per cent and settled for around 20 per cent. Mr Johann Liebenberg, the chamber's chief negotiator, says that a 1986 settlement is unlikely without some sort of dispute.

There is no doubting the self-confidence of the NUM which has grown rapidly since it was founded in 1983, under the leadership of Mr Cyril Ramaphosa, its 33-year-old general secretary, a former lawyer. The NUM has 135,000 paid-up members and claims a further 150,000 signed-up members.

Black miners are growing more militant. In the first quarter of 1986 there were 38 strikes at Chamber of Mines companies, against 16 in the whole of 1985.

Violence is common on the mines, particularly the gold mines. Tensions rise whenever thousands of migrant workers, coming from different tribes, live and work together in difficult conditions, far from their families. But incidents this year have been serious—four black team leaders were killed in February at Val Reek, the second largest gold mine, and another 17 miners died in March in fighting between different groups of miners. At Blyvooruitzicht gold mine, seven men died in an underground sit-in called over a change in bonus payments.

The employers say that the NUM's leaders often cannot control their members. Mr Ramaphosa argues that the miners can and should take initiatives. "We are a democratic organisation," he says.

However, disciplined moves have brought the NUM greater rewards. Its biggest success was a court victory over Gencor—driving an official strike at the company's Maravelle gold mine last year. The group dismissed the strikers in the time-honoured way and hired new men. But the South African Supreme Court ruled that since the NUM had followed the dispute procedure properly, its legally striking members were entitled to have their jobs back.

Nevertheless, the mining houses have so far been remarkably successful in containing the NUM. Black miners' wages are about four times higher in real terms now than in 1970—but the quantum leap occurred in the years to 1981 when the price of gold soared from \$35 an ounce to a peak of over \$850. Subsequently, as the dollar gold

price drifted down, real wages have risen more modestly. Moreover, at an average of R382 (£112) per month last year, they still fall short of the national average black wage of R418, though miners receive benefits in kind worth R147.

The NUM has inevitably become a conduit for black political aspirations—a "red-hot channel" in Mr Liebenberg's words. It is the biggest member of the Congress of South African Trade Unions, which is affiliated to the United Democratic Front, the legal anti-apartheid grouping, its policies closely associated with the banned African National Congress. Mr Ramaphosa says that the union's economic and political goals cannot be separated.

"Miners can only reach the highest wage levels if the apartheid system is completely eradicated," he says. Political activity has support in the mines. There were NUM-backed strikes on May Day. Now Mr Ramaphosa is expected widespread support for potential political strikes on June 16—to mark the tenth anniversary of the 1976 Soweto riots.

Some company executives say the politicisation of miners is the result of "agitation and incitement" by union leaders and by political activists. But there is also little doubt that the miners have grown ever more responsive to political arguments. They are a more united workforce than in the past—first, because the proportion of gold mine workers re-

crutted from outside South Africa has fallen from 80 per cent in the early 1970s to just over 40 per cent last year; and second because increasing mine wages, drought on the land and rising unemployment in the townships has made the mining workforce far more stable than it was ten years ago.

The rise of the NUM has generated tensions between the mining houses, which reflect deep-seated political differences. Anglo-American has long been a champion of political reform under the chairmanship of Mr Harry Oppenheimer and his successor Mr Gavin Rilly. The company has led the way in offering higher wages and better concessions than some rivals. It has allowed the NUM to grow more rapidly than elsewhere. Most of the 30 per cent of union members work for Anglo.

Anglo's associate, JCI shares its liberal approach. So does Rand Mines, which has invested heavily in modern coal mines, where wages are considerably higher than in gold and opportunities for promotion to skilled work much greater.

At the opposite end of the spectrum is Anglo's Gencon, the only mining house dominated by Afrikaner shareholders and executives. Gencon has a reputation for tough tactics, and for paying lower minimum wages than Anglo. It was singled out last year by the NUM as "the enemy company". However, things could change following the recent appointment of an English-speaking "firm but fair" Gold Fields chief executive. Mr Keys says that the company's approach has not been a winner and "I like to win."

There is no change of heart in sight at Gold Fields of South Africa, which shares Gencon's reputation for toughness. Mr Robin Plumbridge, its chairman, says the company's attitude is "firm but fair". Gold Fields' security force of 5,900 men, mostly black, and 774 guard dogs, which patrols its own mines and is bused out to other companies, has been increased by 14 per cent in the past year, in response to an increasing number of clients and call-outs.

Differences in boardroom philosophy seem to have had little impact on life in the mines. What matters most is the attitude of the mine management and head office can do little to prevent even the cruelest practices. At Val Reek, Mr Philmont Nikose, a NUM steward, says: "They (white miners) still call us kafirs and dogs."

The houses are united in their continued commitment to investing in South African mining, particularly gold mining. They have little choice: government exchange controls mean that it is prohibitively expensive to invest abroad, while the houses' own mining interests have been hit hard by domestic recession.

By contrast, gold mines last year made record profits of R7.8bn (£2.2bn) up 87 per cent on 1984. The depreciation of the rand on the foreign exchange pushed up the rand

gold price to unprecedented levels and insulated the mines from the effects of inflation running at 16 per cent.

Clearly, if the rand recovered then margins would be squeezed. But the companies take the view that only a huge increase in foreign confidence in South Africa would make a real difference to the currency, and that would be a price worth paying.

Overseas economic sanctions have had some effect on the industry—South African steel coal trades at a "political discount" of some 15 per cent. But the mining companies have little fear that the West will hit at the heart of the industry and stop buying South African gold. The demise of the Kruggerand is seen as only a minor irritant, whatever outcome emerges. "What matters is the big buyers. The last plane out of here will be the Union Bank of Switzerland's Swissair jet."

The companies are much more worried about their white engineers emigrating—about 5 per cent of South Africa's engineers have left in the last two years. At Kriel Colliery, three ex-UK engineers said that Australia, the United States and Canada topped the list of favoured countries.

The mining houses say that political unrest is not affecting their investment decisions. Capital expenditure in gold mining is soaring—up a forecast 22 per cent in 1986. At Gold Fields, Mr Plumbridge says: "We fundamentally believe that whatever outcome emerges in the political arena, there is a place for free enterprise and there will be a place for mining."

But the companies do differ in the extent to which they feel they can influence political change. Gencon's Mr Keys believes that as a businessman he can do little to change the minds of politicians.

By contrast, Anglo-American has long followed an active policy, pressing the Government for the release of jailed ANC leader Mr Nelson Mandela and for black participation in politics while at the same time preparing for the possibility of black majority rule. Last year, Mr Rilly led a delegation of businessmen to visit ANC leaders in Lusaka. He says business must demonstrate the merits of free enterprise.

But there are limits to the extent to which even the liberal South African companies have been prepared to challenge the power of the ruling National Party, which built apartheid and is now claiming to reform it.

Supporting the Parliamentary opposition failed in the face of the electoral strength of the National Party. But the mines have not gone beyond Parliament and broken the law, because ultimately they have had an over-riding vested interest in political stability. As Mr Gordon Waddell, chairman of JCI and a supporter of the opposition Progressive Federal Party, says: "Do not forget one thing. Business invests in the status quo."

## Men and Matters

### Hodge considers selling

THE news that Sir Julian Hodge, founder of the Commercial Bank of Wales, is considering selling his holding in the institution he struggled so hard to set up came as a surprise to both the Principality, and the bank's staff, yesterday.

Sir Julian, now nearly 82, and a Jersey resident, was travelling and unavailable to comment. But Malcolm Thomas, the bank's chief executive, explained that the bank's growing requirement for capital to expand was one reason behind the founder's readiness to discuss the approaches he had received.

Sir Julian started life as a Cardiff railway clerk and sold insurance, door-to-door, in the evenings. He and his family have a 29.6 per cent holding in the bank, which Hodge has seen as providing a motor to help the Welsh economy.

In spite of occasional criticism of his business methods, he has pursued his dream, building the Hodge Group into a banking, hire-purchase, and unit trust empire. He is now launching the bank in 1971.

Barred from calling it the Bank of Wales because the name might have implied it was a central bank, he settled for the title Commercial Bank of Wales.

The recent approaches to Hodge will also give First National Bank of Chicago, which has backed the Hodge bank with a 20p per cent holding, a chance to pull out of a relationship which increasingly has made little sense to either party.

### Man of taste

THE spot on my tie, I regret to say, is a drop of Corton Chablis 1898.

Gagey, head of the Burgundy wine makers, Louis Jadot, does have his additional pleasures. And I am happy to report that none of the Beune Clos des Ursules 1976 or the Corton Fougats 1981, which followed our aperitif, was wasted.

Gagey is visiting London, Torquay and Leicester this week to give British wine buyers a taste of his 1983, 1984 and 1985 vintages. "I love making wine, but I don't like selling it," he confesses.

Not, I suspect, that it is going to be difficult. The only competition that faintly worries Gagey is that from the Californian vineyards in the US market. "They can produce comparable Chardonnay and Pinot Noir," he concedes.

He shows obvious pleasure over his 1985 vintage. The white Burgundies are "already showing great promise", and one wine master, at least, waxed faintly lyrical over the reds—"like the Place Carnot in the middle of Beaune on market day—round, rich and full of life."

Gagey is less optimistic about the 1986 vintage. "The development of the vines, it is only within the last few days that the weather has started to warm up."

French wine makers will be keeping an ever closer eye on the weather forecasts, I gather, than British holidaymakers.

### Metal fatigue

THE models sashayed across the stage of the Pompidou Centre in Paris in outfits with names like "Alustisse", "Toucan", "Allusion", and, since this was a European event, "Eclaminium."

These were among the creations presented yesterday at a fashion show designed to point up the potential of aluminium as a clothing material. Perhaps predictably, however, most of the outfits seemed to derive their inspiration more from Christmas crackers, space suits and tin soldiers rather than from haute couture.

The show was part of the celebrations this year of the 100th anniversary of the development of the electrolytic process for smelting aluminium. Given the long depressed state of the world aluminium industry, the celebrations have been rather subdued. In the US, a planned national publicity campaign has been cancelled. In Europe, the atmosphere has been soured by the top management shuffle early on of Alustisse, one of the main producers.

Georges Kervenn, president of France's Pechiney Aluminium and chairman of the F.A.A., bitterly attacked the London Metal Exchange for depressing the metal's price.

The way out of the industry's problems, he added, was to find more uses for aluminium, such as fashion wear. But after yesterday's show, sales seem likely to be restricted to those who fancy playing the role of reflector in the local disco.

Members of the Accepting Houses Committee. \* 7-day deposits 5.69% 1-month 6.03% 3-month 6.23% 6-month 6.43% 9-month 6.63% 12-month 6.83%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call 9.50%. ECU—£100,000+ remains deposited. 3 call deposits £1,000 and over 9.75% gross. 1 Mortgage loan rate. 5 Demand deposit 5.62% Mortgage 12%.

Observer

## BASE LENDING RATES

Bank/Institution	%	Bank/Institution	%
ABN Bank	10	First Nat. Fin. Corp.	11
Allied Dunbar & Co.	10	First Nat. Sec. Ltd.	11
Allied Irish Bank	10	Royal Bank of Canada	11
American Express Bk.	10	Robert Fraser & Ptns.	11
Anro Bank	10	Grindlays Bank	11
Bank of Adelaide	10	Guinness Mahon	10
Associates Cap Corp.	11	Hambros Bank	10
Banco de Bilbao	10	Heritable & Gen. Trust	10
Bank of Boston	10	Hill Samuel	10
Bank Leumi (UK)	10	C. Hoare & Co.	10
Bank Credit & Comm.	10	Hongkong & Shanghai	10
Bank of Cyprus	10	Kowloon & Co.	10 1/2
Bank of Ireland	10	Lloyds Bank	10
Bank of India	10	Edward Manson & Co.	11
Bank of Scotland	10	Mess Wegster Ltd.	10
Bankque Belge Ltd.	10	Majthay & Sons Ltd.	10
Barclays Bank	10	Midland Bank	10
Beneficial Trust Ltd.	11 1/2	Morgan Grenfell	10
Brit. Bk. of Ind. East	10	Mount Credit Corp. Ltd.	10
Brown Shipley	10	National Bk. of Kuwait	10
Cl. Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayser Ltd.	10	Northern Bank Ltd.	10
Cedar Holdings	11	Norwich Gen. Trust	10
Charterhouse Bank	10	PK Finans. Intl (UK)	11 1/2
Citibank NA	10	Practical Trust Ltd.	11
Citibank Savings	10 1/2	R. Raphael & Sons	10
City Merchants Bank	10	Roxburgh Guarantee	11
Clydebank Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd.	10	Trustee Savings Bank	10
Co-operative Bank	10	United Bank of Kenya	10
The Cyprus Popular Bk.	10	United Mizrahi Bank	10
Dunoon Lewis	10	Westpac Banking Corp.	10
E. T. Trust	11	Whiteaway Ltd/ldw	10 1/2
Ester Finance Ltd.	10 1/2	Yorkshire Bank	10
Financial & Gen. Sec.	10		

IT IS TEMPTING to write this week about the growing strand of authoritarianism in Mrs Thatcher's Conservative Party. There have been plenty of examples.

The Barones Hooper, speaking for the Government in the House of Lords on Monday, talked about a "wider moral context" of the education system and the need to secure it by statute. The Prime Minister herself raised the possibility of strengthening the law on trespass in order to deal with such cases as the itinerant hippies in the south-west. And there was her earlier irritation about the litter in London compared with Israel.

No doubt there is something in it. Mr Norman Tebbit is not chairman of the party for nothing. Some of his speeches contain open attacks on the more permissive society of the past and Mrs Thatcher has taken to talking about "values" in an almost mystical way. See, for instance, her address to the Conservative Women's Conference on Wednesday.

Yet it would be inaccurate to say that the Government is deliberately heading down an authoritarian road. At least it is, the road is paved with good intentions.

What has happened is that the Government has come up against a number of problems in its search for what the Prime Minister called "the good society." One is that in order to decentralise it may be necessary first to centralise, for example, in education. And in order, in the Tory phrase, to "set the people free" it is first necessary to impose the conditions of freedom.

Yet as Sir Patrick Nell, Vice-Chancellor of Oxford University, pointed out in an article in *The Times* on Monday, the clause is full of pitfalls; not least, the involvement of the senior administrators in who is invited to speak and to ensure that what is said is law. It could be a recipe for further friction between students and authorities. There are times when freedom of speech might be better promoted by common sense and discretion rather than by statute.

As it turned out, the clause was not debated because their Lordships objected that they had been given insufficient notice. There will now be discussions between the Department of Education and the universities, polytechnics and so on about the possibility of amendments. But the Government's intention is that something very like the present clause will be attached to the Bill when it goes to the Commons.

Quite apart from the fact that one would have thought the Government had enough problems on its hands without the universities already without adding a wholly new element, there must be a question about

the wisdom of suddenly adding a new clause like this to a bill that is already going through the House and is largely about completely different matters. It looks overhasty, stirring up trouble for the future, rather like the Official Secrets Act which was quickly passed in 1911 and has caused trouble ever since.

Much the same might be said about Lady Hooper. She was introducing a late amendment to ensure that where it is given it is done "in a manner that will encourage those pupils to have due regard to moral considerations and the value of family life."

Again, there is nothing wrong with that in principle. But there is the question of enforcement and it does sound a bit vague. Coupled with the remarks of Mrs Thatcher and Mr Tebbit, it looks as if the Government, or part of it, is beginning to embark on a moral crusade. There should be limits as to how far that can be conducted by legislation.

Turning to the bippies, whom Mr Douglas Hurd, the Home Secretary, likened to a "hand of medieval brigands," the Government has an easy opportunity of strengthening the law

is to delude ourselves. The reasons why are not simple, nevertheless, a major factor has been the lack of investment in Europe and the need for action itself and not to pretend that either our problems can be externalised or that the shibboleth of "free trade" can be allowed to stand in the way of a programme for European industrial recovery.

Failure to do so will only lead to demands for more stringent laws. That may seem all right in the circumstances of the time. But laws passed during a period of high feeling remain on the statute book and can be misapplied later.

Already there are suggestions that social security benefits should be withdrawn on the grounds that the bippies are claiming them from a society that they have rejected. Again the idea has a certain superficial logic. It does not stand up to examination. If benefits were withdrawn from one group, where will the line be drawn? That is one of the perils of excessive legislation. It tends to be used, and not only for the purposes originally intended.

We come now to Mrs Thatcher's anti-litter campaign—not a matter for legislation, or at least not yet. It is a good idea, of course. Hardly anyone can like seeing the streets or the public transport system littered with rubbish. Almost everyone who travels will have noticed that other places tend to look cleaner than Britain.

General de Gaulle won great kudos for cleaning up the buildings of Paris. Mr Edward Heath when he was Prime Minister cleaned up the Thames and the atmosphere. The West Germans in a period of near-drought cleaned up the exposed bed of the Rhine. Plaudits all round.

The odd point is why the Prime Minister came out with it after her trip to Israel. It is true that the road back to central London from Hesthrow is a depressing one. The following passage about it appeared in a recent novel:

"Nothing looked as if it had been there for five years. Nothing looked as if it would be there in five years... It was not until he glimpsed Hammer-smith Bridge that he saw anything built with confidence."

But hadn't Mrs Thatcher seen it before and why the comparison with Israel in particular? She does after all so abroad quite often—to France, West Germany and sometimes Switzerland, all of which are considerably cleaner than here. It came out like a sudden flash of light, another moral uplift on the road to Damascus.

As it turns out the idea is not new. The possibility of cleaning up the inner-cities and run-down buildings by extending the Community Programme has been worked on for some time by the Prime Minister's Policy Unit, the Manpower Services Commission and the Departments of Employment and Environment.

It is not quite clear which comes first: the need to relieve youth unemployment by stepping up the Community Programme or the desirability of cleaning up the cities in its own right. Anyway the two have to go together. The scheme should be launched shortly and one can only wish it well while wondering why it could not have been implemented long ago.

It is also possible that the very currency of the idea that the streets and public transport systems are dirty and that something is being done about it will encourage people to be tidier. Certainly the converse seemed to be true. If one person had thrown away a Kenrick Fried Chicken carrier in the underground, a Coca Cola can was almost bound to follow.

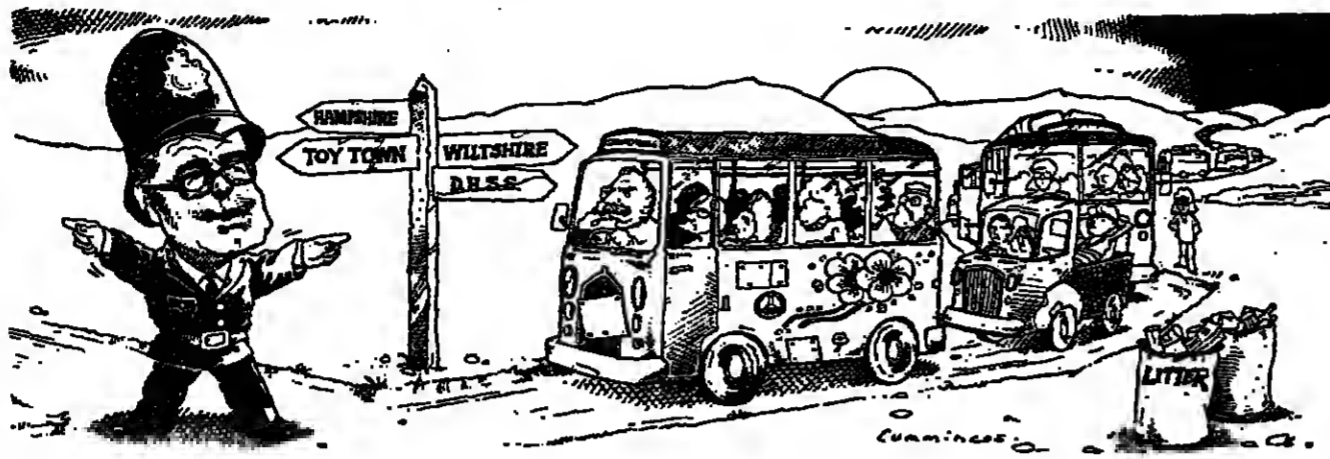
The effect was that the place became cumulatively more litter-free. It could now work the other way round. One hopes, however, that Mrs Thatcher will not lose interest in the matter. Her outburst after Tel Aviv was rather like that of Mr Heath when he was stuck in a traffic jam on the way back to Downing Street, had to get out and walk and seemed to notice for the first time that London had a traffic problem. Not too much was said about it after the initial flush.

For the rest, the Prime Minister should be discouraged from an excess of moral fervour and especially from trying to codify it. It would be nice to look forward to a Parliamentary session that was strong on debate and light on legislation. Too much legislation, like the abolition of the GLM last year, gets the Government into trouble.

### POLITICS TODAY

# Mrs Thatcher's excess of moral fervour

By Malcolm Rutherford



that. It sounds libertarian. Yet as Sir Patrick Nell, Vice-Chancellor of Oxford University, pointed out in an article in *The Times* on Monday, the clause is full of pitfalls; not least, the involvement of the senior administrators in who is invited to speak and to ensure that what is said is law.

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the wisdom of suddenly adding a new clause like this to a bill that is already going through the House and is largely about completely different matters. It looks overhasty, stirring up trouble for the future, rather like the Official Secrets Act which was quickly passed in 1911 and has caused trouble ever since.

Much the same might be said about Lady Hooper. She was introducing a late amendment to ensure that where it is given it is done "in a manner that will encourage those pupils to have due regard to moral considerations and the value of family life."

Again, there is nothing wrong with that in principle. But there is the question of enforcement and it does sound a bit vague. Coupled with the remarks of Mrs Thatcher and Mr Tebbit, it looks as if the Government, or part of it, is beginning to embark on a moral crusade. There should be limits as to how far that can be conducted by legislation.

Turning to the bippies, whom Mr Douglas Hurd, the Home Secretary, likened to a "hand of medieval brigands," the Government has an easy opportunity of strengthening the law

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Long-term, however, quite apart from the possibility that ecological opposition in West Germany will one day cross the Rhine, France faces the danger that international demand for its nuclear manufacturing and services industries will dry up. Additionally, building up too much of a lead in the nuclear stakes may also pose specific problems for international collaborative projects.

With the Chernobyl mishap adding to the already considerable question-marks overhanging plutonium-burning fast reactors, France now is unlikely to be able to attract sufficient European support—at least in the next couple of years—for the second multinational Superphenix type reactor it wants to build in the 1990s.

The nuclear industry is subject to uniquely disparate pressures. Planners taking decisions now predetermine events decades or even when radioactive waste disposal is concerned, millions, about up-and-coming public opinion in the wake of accidents like Three Mile Island and Chernobyl.

Nuclear planners in France, along with those in western countries during the last decade, have been able to keep the long- and short-term factors consistently in their favour.

The international nuclear establishment, which has made its own series of massive mistakes over the years in areas ranging from steadily revised downwards radiation exposure standards to hugely over-estimated predictions of future plant needs, has up to now signally failed to convince public opinion of the merits of nuclear energy.

However, forbidding a prospect it might seem, the challenge for France's nuclear technocrats will be to carry their public relations message on the relative safety and economy of nuclear power across the other side of its borders. Even France's nuclear wagon train may not be powerful enough to resist total entrenchment.

## Lombard

# Clouds over a nuclear lead

By David Marsh in Paris

FRANCE has advanced a long way from its position—ignominious for French pride and unsettling for its energy security—of having to beg, buy and borrow nuclear technology from the US in the first decades after the Second World War.

Following the Chernobyl accident, the main question facing France's nuclear planners does not centre on N-plant opposition within its borders.

With a massive head of steam built up behind the nuclear infrastructure which provides 65 per cent of its electricity, France's nuclear commitment has now, for better or for worse, progressed beyond the point of return.

The problem for the future rather stems from the risk that France's move to the fore in the world nuclear stakes may start to become uncomfortable and even unworkable.

The Commissariat à l'Énergie Atomique and Electricité de France—which effectively govern the Government on nuclear matters—have emerged with their confidence unshaken or maybe even strengthened by the Soviet disaster.

The CEA and EDF are much better practised at making hard-headed public relations points than their more squeamish counterparts in other industrialised countries.

They have pointed to the 20 or so deaths so far from Chernobyl to underline that—leaving aside for the moment unquantifiable long-term fatalities in the Ukraine from delayed radiation effects—even an "impossible" nuclear accident kills relatively few people compared with the fatalities connected with coal-mining and burning.

Even so, top officials from both institutions say they do not relish the prospect that strengthened anti-nuclear feeling in the rest of Europe and the US will leave France increasingly exposed as a nuclearised island in a hostile world.

The short-term effect, as Mr Marco Boisson, the chairman of EDF, points out, may be to help France by strengthening its already large sales of cheap and abundant electricity to neighbouring countries (including Britain) where N-plant commissioning is delayed or stopped.

Long-term, however, quite apart from the possibility that ecological opposition in West Germany will one day cross the Rhine, France faces the danger that international demand for its nuclear manufacturing and services industries will dry up. Additionally, building up too much of a lead in the nuclear stakes may also pose specific problems for international collaborative projects.

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### Hi-tech in Cambridge

From the Director, Economic Affairs, Confederation of British Industry

Sir,—Peter Marsh (May 27) was right to draw attention to the Cambridge phenomenon. Unless we face this squarely, growth, employment and standards of living in Britain will be seriously inhibited.

Hi-tech is not a threat to Cambridge's tranquillity but a way of preserving it. If we wish to maintain a high standard of excellence, we need both the resources to support it and the outlets for products. The University itself must be aware of this; indeed, the greater threat is if the current hi-tech boom in Cambridge turns out to be a bubble. That need not be, given the access to the MIT, the proximity to Stansted and the availability of high skills in the area.

But constraints on the expansion of Cambridge and its outlying towns could well strangle growth and the local authorities need to look very closely at the availability of housing and the need to attract highly skilled personnel. I doubt if commuting skilled people in helicopters is a viable solution.

The CBI has long advocated a flexible approach to planning and with such improvements as rail electrification and the Midlands A1-M1 east coast link. Cambridge and village and urban areas as far afield as Peterborough and Norwich could well find themselves in an exciting and important position. We must not let decisions dependent on the public authorities hamper that.

The development of small firms which are expanding their workforces at a rapid rate—the figure of 30 per cent a year has been mentioned—and the availability of advice and start-up schemes for them, provide encouragement. We need to watch the nurturing of these small firms to ensure access to public tendering, the right system of interlinking so that we can see the kind of development that has been in the United States, in California and in years past along route 128 in Boston.

The CBI has been watching the Cambridge phenomenon with great interest and will continue to support developments of this type, which will create employment and sustain an improving standard of living. John Caff, 103, New Oxford Street WC1.

**The missing psychologists**  
From Professor C. Cullen  
Sir,—I read with interest your article "Shortages in medicine allied professions" (May 23) in

### Letters to the Editor

which it is stated that 6.3 per cent of funded posts in professions allied to medicine have been vacant for three months or more. The situation is no better in other of the scientific professions. Indeed, a survey of clinical psychologists conducted last year showed that 14 per cent of posts in England were vacant in the priority areas of mental handicap. This figure rose to 27 per cent.

The principal reason for this worrying state of affairs is simple: not enough clinical psychologists are being trained. Every year about 600 well-qualified applicants strive to obtain one of the 120 training places available. Some health regions are slowly increasing their funding, but until there is a dramatic upturn in the number of places provided, many of those in need of the services of a clinical psychologist must do without.

(Professor) C. Cullen, Chair, Division of Clinical Psychology, British Psychological Society, 48 Princess Road East, Leicester.

**Reform in Africa**  
From Mr P. Mercer

Sir,—In her apology for the African National Congress (May 21), Patti Waldmeir tries to portray it as no more radical than the British Labour Party, arguing that the South African Communist Party members are "relatively few in number" and that "politically Oliver Tambo would be comfortable within the British Labour Party." Unfortunately the facts do not bear this out.

If Tambo were to feel at home in the Labour Party, then this would be more of an indication of its drift towards Marxism rather than of his moderation. In January this year, for instance, Tambo had an article in *World Marxist Review*, the "theoretical and information journal of Communist parties throughout the world." In it he asserted: "The people are engaged in active struggle as a conscious revolutionary force and accept the ANC as their vanguard."

There was no change in the alliance between the SACP and the ANC at its secret consultative conference in Zambia in June 1985. Indeed, the election of SACP member Joe Slovo to the executive underlined the SACP's consolidation of power within the ANC. Of the eleven new members on the enlarged

executive only three are considered moderate by ANC standards.

To pretend that the ANC is anything but a Marxist "liberation movement" is to delude oneself. If it did accede to power then the consequences for South Africa would be incomparably worse than those it is experiencing at present. For this reason it is vital that the west steers a middle course, rejecting any contact with the ANC but at the same time pressing the South African Government towards bona fide democratic reform.

Paul Mercer, Cedar Lodge, Church Street, Hinckley, Leics.

**Japanese dumping of photocopiers**  
From Mr G. Ford, MEP

Sir,—Jane Rippeteau's article "How Xerox upped the ante" (June 2) was a mess of contradictions. To take just one point, it successively says that "Japanese producers rely on exports to absorb fully 85 per cent of the copiers they make" and that Toshiba charges "88 per cent more at home for a copier that competes directly with a Rank Xerox machine in Europe" and "alleges that the extra revenue from higher paid sales in Japan means Toshiba can undercut Rank Xerox by 20 per cent in Europe." Even with the most gymnastic of mathematics it seems to imply that the Japanese are acting in the most absurd and self-defeating manner. Any product that is predominantly for export (85 per cent) cannot be subsidised by 20 per cent through a 33 per cent premium on 15 per cent of sales. What the Japanese are accused of is marginally further subsidising a product that is already massively price competitive.

Who is interested in making such nonsensical arguments? The answer is clear: Rank Xerox and its fellow European copier makers, who blame the Japanese for their own failure. I hold no particular brief for Japanese industry, but the argument that Europe's problems are because the rules are being abused is politically disingenuous. The reality is that because of past failures by European industry we can no longer live within the rules. How long will Europe maintain its increasingly desperate search for excuses? The reality is quite simple. Europe cannot compete with Japan in an increasing number of industrial sectors. To pretend otherwise

is to delude ourselves. The reasons why are not simple, nevertheless, a major factor has been the lack of investment in Europe and the need for action itself and not to pretend that either our problems can be externalised or that the shibboleth of "free trade" can be allowed to stand in the way of a programme for European industrial recovery.

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# FINANCIAL TIMES

Friday June 6 1986

**BELL'S**  
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**BELL'S**

## EEC jobs ministers insist on pensions equality

By Quentin Peel in Brussels  
EQUAL TREATMENT for men and women in private occupational pension schemes throughout the EEC will be compulsory, following a decision by Community employment ministers yesterday.

The agreement provides, however, for important exceptions - including actuarial calculations on different life-expectancy between the sexes - which had been sought by the pensions industry.

It also means that there must be no discrimination, either in contributions or in benefits, for other private social security schemes providing protection against sickness, industrial accidents and occupational diseases, and unemployment.

The EEC directive, approved in Luxembourg yesterday, will come into full effect only from January 1993, but it was immediately welcomed as a "major step forward" for the financial security of women by Britain's Employment Minister, Mr Kenneth Clarke.

The measure states that "there shall be no discrimination on the basis of sex, either directly or indirectly, by reference in particular to marital or family status".

It would cover the scope of schemes and conditions of access to them, the obligation to contribute and the level of contributions and the calculation of benefits, including benefits due for a spouse or dependants.

The important exceptions mean that it will not automatically require equal retirement ages until that is achieved in state pension schemes; and that equality of rights for widowers as for widows must also await a further directive.

"Money-purchase" pension schemes, which mostly cover the self-employed, will be able to continue to take account of "differences in life expectancy and ill health," Mr Clarke said.

"This was a decision we took after a lot of careful thought," he said. "To the end, we all agreed that this was the only realistic course if we were to avoid imposing financial and administrative burdens which would dissuade some employers, particularly small firms, from operating schemes."

The EEC directive requires the 12 member states to introduce national legislation to allow individuals to pursue claims for equal treatment before national courts.

The measure was approved yesterday at the ministers' council meeting where Mr Clarke also presented a British, Italian and Irish initiative to tackle unemployment by removing unnecessary regulations from the labour market.

The plan, published earlier this week, is intended to provide a major theme for the British presidency of the EEC in the second half of the year.

Mr Clarke criticised the record of his fellow employment ministers in considering what he regarded as unnecessary social legislation which tended to discourage, rather than encourage, full employment.

## Airbus hopes rise over A340 launch customer

BY PETER BRUCE IN HANOVER AND LYNTON MCLAIN IN LONDON

AIRBUS Industrie has developed new proposals for its A340 long-range airliner which have been received with "broad approval" by some members of the board of Lufthansa, West Germany's national airline, the Western European manufacturer said yesterday.

Airbus is seeking a launch customer for the A340, but Lufthansa had rejected the specifications for the model presented to it in April.

Mr Jean Pierson, the president of Airbus, said yesterday that the new proposals were for an airliner with greater carrying capacity and range. These ideas were shown to "a few Lufthansa board members, including the airline's chairman, Mr Heinz Ruhnau, on May 12," Mr Pierson said yesterday at the Hanover air show.

Airbus said it was also talking to

UTA of France, Singapore Airlines and Swissair as potential launch customers for the A340. Lufthansa had indicated a strong interest in buying up to 25 new long-range airliners, including A340s.

The A340 and a twin-engine, short-range version, the A330, have been designed to share major components, including the fuselage and wing box. Airbus has set itself until the end of this year to assemble its launch customers and hopes then to be able to attract public funding for development of the aircraft.

The Airbus partners, Aerospatiale of France, Messerschmitt-Bölkow-Blohm (MBB) of West Germany, British Aerospace and Casa of Spain, have been unsettled by the refusal so far of the British Government to commit itself to funding its share of development costs.

Mr Hanne-Arnt Vogels, chairman of MBB, confirmed yesterday that difficulties still existed "across the Channel", but senior MBB officials said it was highly unlikely that development of the A330 and A340 would go ahead without British Aerospace.

Aerospatiale and MBB are each looking for up to \$1bn in long-term loans to finance their shares of the A330 and A340 development.

Airbus executives surprised the industry yesterday by, apparently for the first time, acknowledging the potential viability of revolutionary "prop-fan" engines being developed in the US.

Airbus Industries has developed the A320 as a competitor in the market for a 150-seat airliner. The A320 is to be powered by two V2500 conventional jet engines.

## Tutu plans to defy ban on meetings; rand falls

By Patti Waldmeir in Johannesburg

THE RAND came under heavy pressure yesterday in the wake of mounting concern over the threat of Western economic sanctions against South Africa and the danger of further violence expected to result from Pretoria's ban on all public meetings to commemorate the 10th anniversary on June 16 of the Soweto uprising.

At a meeting of the 200 member South African Congress of Trade Unions (SACTU) in Johannesburg, Bishop Desmond Tutu, Nobel laureate and Anglican bishop of Johannesburg, meanwhile called yesterday for outright defiance of the ban on meetings. He said he would instruct his clergy to organise commemorative church services on June 16. Church gatherings are included in the ban which outlawed all indoor gatherings. Outdoor gatherings had already been banned.

The commercial rand, the currency used for dealings such as interest and dividend payments and tourist transactions, fell sharply yesterday to 38.70 US cents after opening at about 40 cents. It recovered to its opening level on subsequent rumours that the South African Reserve Bank might step in to defend the rand to bolster the rand, perhaps including restrictions on forward sales of foreign currency to South African importers and exporters as a move to reduce volatility in the market.

The financial rand, which provides a direct reflection of investor confidence in South Africa, also slipped to a new low of about 22.5 US cents from Wednesday's level of just below 24 cents. It later recovered to about 23.5 cents.

Anti-apartheid organisations ranging from black trade unions to white student groups said yesterday that the ban on meetings was provocative and would aggravate an already explosive situation in the country. The anniversary of the schoolchildren's revolt, which led to some 575 deaths in 1976, is one of the most important dates in the black political calendar.

"The minister (of law and order) seems bent on provoking blacks to defy his ill-advised ban to give politicians yet another excuse to get at black people," Bishop Tutu said yesterday. "At a time of high tension in the history of our land people should surely not be stepped from expressing their feelings, especially when they have very few channels for doing so," he added.

Anti-apartheid groups had planned country-wide demonstrations, protest rallies and a one-day general strike to mark the June 16 anniversary, but many are now reconsidering whether to go ahead with the planned protests.

One of the first casualties of the ban was the meeting organised by the multiracial United Democratic Front (UDF) to launch a campaign to seek the legalisation of the African National Congress (ANC) which is outlawed in South Africa.

Protesters staged a demonstration in central Johannesburg after police banned the meeting, and armed riot police stepped in to restore order. The UDF's publicity secretary, Mr Murphy Morobe, said that the meeting had been stopped by police because it was in aid of an organisation which was a signatory to the so-called Freedom Charter, adopted by anti-apartheid groups on June 26 1955. Meetings to commemorate this anniversary have also been banned.

## Taiwan mutes war drums to China from island fortress

BY ROBERT KING IN TAIPEI

THE TAIWAN Government plans to promote its offshore fortress of Quemoy as a tropical island to attract tourists and to offset both the attention which development in mainland China is attracting and Taiwan's own image of belligerence.

The new pitch represents a sharp divergence from past practices, and it is tempting to view the move as a sign of a more relaxed attitude towards China.

Just last month, for instance, officials of Taiwan's China Airlines sat down with their counterparts from the mainland's Civil Aviation Authority to discuss the return of a Taiwanese jet and its two crew members who were hijacked to the mainland on May 3. That was the first Taiwan-sanctioned meeting between the two sides in decades.

Over the past 36 years, Quemoy, also known as Kinmen, has witnessed numerous sampans-launched attacks by Communist troops and, in 1958, a 44-day artillery bombardment from the mainland just a few miles away that rained more than 1m artillery shells on the tiny enclave.

A similarly situated offshore enclave, Matsu, further up the mainland coast, has also witnessed attacks since the 1949 Chinese Revolution that saw the nationalist leader, Gen Chiang Kai-Shek abandon China for Taiwan.

Until January 1 1979, when the US recognised the Chinese Government, both sides continued to bombard each other with propaganda-filled shells. Although that has stopped, each has kept up the psychological bombardment through massive loudspeakers. Through its militant posture, Taiwan maintains that the Communists will never give up their dream of "liberating" Quemoy - and, by extension, Taiwan - by force.

However saleable this ethic has been within Taiwan, it has painted Taiwan as unreasonable and aggressive on the international front. Mainland China's political stock



on the mainland, the officer says. Such admissions would have been unthinkable even a year ago.

The military's tacit admissions in early February that Communist and nationalist forces were engaged in no more than a token game of cat-and-mouse, with winks rather than bullets exchanged by the two sides, might only a year ago have amounted to sedition.

What Quemoy and the nationalist authorities are belatedly beginning to realise, apparently, is that Taiwan's and Quemoy's very real advances in the standard and quality of life enjoyed by its people are being overshadowed by news coverage of the changes now taking place in "Big China".

Military officials candidly admit that economic and residential construction just a few miles across the water, as well as commercial flights carrying tourists, have increasingly lessened the chance of conflict and as a result made Quemoy's claim of being "a dagger pointed at the heart of Communism" seem rather silly in the eyes of the world.

Thus, Taiwan's leadership has ordained that the war drums be muted in favour of Quemoy's more positive accomplishments. The 1984 per capita income of \$1,790 compared with \$244 on the mainland and \$3,248 on Taiwan proper, its cultural advances and its bucolic beauty.

Visitors are expected to carry word of this abroad, and it is for this reason that the Government is encouraging the development of tourism on Quemoy.

Government and private concerns are ready to put money into hotels, restaurants and other facilities, but transport is a major hitch: only military aircraft serve the island, and they cannot be diverted for civilian uses even if they had enough capacity. China Airlines, the official says, has agreed to start commercial flights to Quemoy, but insurers balk at the idea of covering for aircraft flying to even a nominal war zone.

## THE LEX COLUMN Iron rations at Storehouse

In the five months of its existence, the shares of Storehouse appear to have been relegated to one of the dustier stock-rooms of the stores sector. Rather than the Conspicuous by its absence, the shares of the company have been overshadowed by the more brilliant partner in the more brightly lit Storehouse.

The shares of Storehouse are yet to be seen. Bounced 10p to 300p, and it is getting harder to justify staying away, but the excitement of Storehouse are yet to be seen.

Of all computer leasing companies, IBL was the one of which the City of London had the highest opinion. A year ago, competition to float it must have been intense. It was not, however, a fortunate competition to win. Unusually for a company, IBL has turned out to have had rather frail financial controls. The fact that a manager in the French subsidiary decided to write for turnover rather than profit went undetected at headquarters, and the struggle to produce these figures at all - even several weeks late - has culminated in last-minute debates with the auditors that should really have been sorted out before flotation.

Pre-tax profits of £6m are about £6m short of what was expected only last week, before the shares were suspended. Their return saw them close 53p lower at 70p - just half the issue price. Given the likelihood that IBL can clamour to £10m pre-tax this year, the prospective multiple of a little over 6 is just about back in line with the competition. A discount for risk might not be amiss.

### Japan

The ways of the Tokyo equity market are every bit as obscure as the Japanese political process: on a day when Kyocera reported a shambles of figures and Hitachi forecast that earnings on what could be optimistic exchange-rate assumptions, the market scaled yet another peak on billion-share turnover lumpy even by Japanese standards.

At the best of times, Japanese share prices tend to be forgetful of the fundamental outlook. The downward revision of forecasts, not only for exporters in a grandly appreciated currency but for a deflationary home environment, has had as little effect on the market's thick skin as a dismal reporting season.

It could be that in the month before an election, whatever that may be, for the process of churning funds about the equity market is more than usually intense. There is certainly cash to spare for equities now that the interest-rate thrill is gone from the domestic bond market, and still more from US fixed-interest with a residual currency risk. A broker's market scrambling after high-capitalisation stocks and anything with a whiff of concept will do until election day, but not much longer.

### Hill Samuel

Hill Samuel's boast of over 25 per cent increases in profits every year in the 1980s wears a little sizzle in the year to March 31. Profits at the post-tax level were 27 per cent up to £40.7m, with help from a lower tax charge, loss elimination and acquisitions. But when other merchant banks are commonly showing gains of 30 or 40 per cent, Hill Samuel's figures fade, especially as its own merchant bank produced a profit rise of only 15 per cent.

Merchant banks make their big money these days from lead underwriting new issues and cash alternatives for the princely commission, in some cases, of 1/2 per cent, or top of the fees for writing the docu-

## Less-visible tourists hit UK invisible earnings

BY WALTER ELLIS IN LONDON

THE RELUCTANCE of US tourists to visit Europe following threats of terrorist attack may already be having its effects on the UK economy. Revised estimates from Britain's Central Statistical Office show that the UK's surplus on the current account of its balance of payments for the first three months of this year was sharply down on expectations.

One analyst yesterday said that the stay-away effect was already evident before the British-hacked US raids on Libya in April. The likely consequence, he warned was that the official second-quarter forecast for invisible earnings - such as insurance, financial services and tourism - is too high.

The drop in the first quarter current account surplus was by £300m, to £267m (\$367m). A decline in the

## US banker to pay \$11.6m

Continued from Page 1

at least 54 companies over a five-year period beginning in May 1980. The SEC has also accused Mr Bernhard Meier, Mr Levine's broker and a former officer at the Nassau, Bahamas-based subsidiary of Bank Leu, the Swiss banking group.

Mr Levine who had worked for four leading Wall Street firms including Drexel since 1980, pleaded guilty to one charge of violating Federal security laws that prohibit trading on insider information, one count of perjury in testimony before the SEC concerning a corporate takeover involving Textro, and two counts of tax evasion.

Mr Levine and his lawyers did not reveal what information they provided to the SEC in exchange for pleading guilty to the single count of insider trading. However, the SEC confirmed that Mr Levine agreed to cooperate with the Federal securities trading watchdog's investigation.

## Paris shares fall sharply

Continued from Page 1

The Government has outlined plans for sales of stakes in state enterprises of up to FF40bn (\$5.5bn) a year over the next five years. However, brokers and potential buyers believe that the market would need to settle down to a more realistic level to allow such a programme to go ahead on a sound basis.

Supporters of the right-wing administration in business and political circles have been unsettled by the difficulties faced by the Chirac Government in getting new legislation on to the statute book. This is in spite of recourse to gutturing of parliamentary debate.

Additionally, differences between President Francois Mitterrand and Mr Chirac on a variety of topics ranging from French support for the Strategic Defence Initiative to nomination of new chairmen for state-controlled banks and enterprises have come to a head over the past few weeks.

Furthermore, the Government has faced criticism even from its own side over some aspects of economic policies.

estimate for invisible earnings from £2.2bn to £1.9bn is held to be responsible.

Visible trade for the quarter is shown in a deficit of £1.4bn, unchanged from figures released in April.

Net credit on services for the first quarter totalled £1.3bn, and net investment earnings, made up of interest, profits and dividends, came up on interest, profits and dividends, came to £800m. Net transfer payments overseas are put at £200m.

Treasury officials acknowledge the impact of the decline in tourism alongside the effect on trade of the strong pound. They insist, however, that one quarter's figures are insufficient to justify any change in the 1986-87 budget forecast of a surplus of £3.5bn.

Although figures for investment and other capital transactions are not yet complete, they show an outflow of £300m in the first three months compared with an inflow of £3bn in the preceding quarter.

Foreign currency borrowing and lending abroad by UK banks brought in a net £300m over the period. There were large increases in both sterling borrowing and lending, producing a net inflow of £2.1bn against an outflow of £200m in the three months to the end of last year.

Transactions by other financial institutions, including pension funds, in the borrowing and lending field resulted in a deficit of £300m. The previous quarter yielded a net inflow of £70m.

Overseas investment in the UK

Accro	C	%	Change	C	%
Algeria	18	64	3	19	72
Algeria	23	73	1	24	75
Armenia	10	36	0	11	41
Australia	27	97	1	28	100
Bahrain	2	7	0	2	7
Barbados	1	4	0	1	4
Belize	1	4	0	1	4
Bermuda	1	4	0	1	4
Bhutan	1	4	0	1	4
Bolivia	1	4	0	1	4
Brazil	1	4	0	1	4
Canada	1	4	0	1	4
Chad	1	4	0	1	4
China	1	4	0	1	4
Cuba	1	4	0	1	4
Cyprus	1	4	0	1	4
Czechoslovakia	1	4	0	1	4
Denmark	1	4	0	1	4
Dominican Republic	1	4	0	1	4
Dominica	1	4	0	1	4
Dominican Republic	1	4	0	1	4
Ecuador	1	4	0	1	4
Egypt	1	4	0	1	4
El Salvador	1	4	0	1	4
Estonia	1	4	0	1	4
Finland	1	4	0	1	4
France	1	4	0	1	4
Germany	1	4	0	1	4
Ghana	1	4	0	1	4
Greece	1	4	0	1	4
Guatemala	1	4	0	1	4
Honduras	1	4	0	1	4
Hungary	1	4	0	1	4
India	1	4	0	1	4
Indonesia	1	4	0	1	4
Iran	1	4	0	1	4
Ireland	1	4	0	1	4
Israel	1	4	0	1	4
Italy	1	4	0	1	4
Jamaica	1	4	0	1	4
Japan	1	4	0	1	4
Kenya	1	4	0	1	4
Korea	1	4	0	1	4
Latvia	1	4	0	1	4
Lithuania	1	4	0	1	4
Luxembourg	1	4	0	1	4
Madagascar	1	4	0	1	4
Malawi	1	4	0	1	4
Malaysia	1	4	0	1	4
Maldives	1	4	0	1	4
Mali	1	4	0	1	4
Malta	1	4	0	1	4
Marshall Islands	1	4	0	1	4
Martinique	1	4	0	1	4
Mexico	1	4	0	1	4
Moldova	1	4	0	1	4
Morocco	1	4	0	1	4
Mozambique	1	4	0	1	4
Netherlands	1	4	0	1	4
Netherlands Antilles	1	4	0	1	4
New Zealand	1	4	0	1	4
Nicaragua	1	4	0	1	4
Niger	1	4	0	1	4
Nigeria	1	4	0	1	4
North Macedonia	1	4	0	1	4
Oman	1	4	0	1	4
Pakistan	1	4	0	1	4
Panama	1	4	0	1	4
Papua New Guinea	1	4	0	1	4
Paraguay	1	4	0	1	4
Peru	1	4	0	1	4
Philippines	1	4	0	1	4
Poland	1	4	0	1	4
Portugal	1	4	0	1	4
Romania	1	4	0	1	4
Russia	1	4	0	1	4
Saudi Arabia	1	4	0	1	4
Senegal	1	4	0	1	4
Seychelles	1	4	0	1	4
Sierra Leone	1	4	0	1	4
Singapore	1	4	0	1	4
Slovakia	1	4	0	1	4
Slovenia	1	4	0	1	4
South Africa	1	4	0	1	4
Spain	1	4	0	1	4
Sri Lanka	1	4	0	1	4
St Kitts and Nevis	1	4	0	1	4
St Lucia	1	4	0	1	4
St Vincent and the Grenadines	1	4	0	1	4
Sudan	1	4	0	1	4
Sweden	1	4	0	1	4
Switzerland	1	4	0	1	4
Taiwan	1	4	0	1	4
Tanzania	1	4	0	1	4
Togo	1	4	0	1	4
Tonga	1	4	0	1	4
Turkey	1	4	0	1	4
Turkmenistan	1	4	0	1	4
Uganda	1	4	0	1	4
Ukraine	1	4	0	1	4
United Kingdom	1	4	0	1	4
USA	1	4	0	1	4
Uruguay	1	4	0	1	4
USSR	1	4	0	1	4
Vanuatu	1	4	0	1	4
Venezuela	1	4	0	1	4
Yemen	1	4	0	1	4
Zambia	1	4	0	1	4
Zimbabwe	1	4	0	1	4

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least 54 companies over a five-year period beginning in May 1980. The SEC has also accused Mr Bernhard Meier, Mr Levine's broker and a former officer at the Nassau, Bahamas-based subsidiary of Bank Leu, the Swiss banking group.

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1984 when American Stores bid for the group, Mr Levine told the judge yesterday that he had "misrepresented information" while working with a team of Shearson Lehman investment bankers representing Jewel.

The tax evasion charges covered the years 1983 and 1984 and involved a total of more than \$1.9m in unpaid taxes.

Mr Levine and his lawyers did not reveal what information they provided to the SEC in exchange for pleading guilty to the single count of insider trading. However, the SEC confirmed that Mr Levine agreed to cooperate with the Federal securities trading watchdog's investigation.

The insider trading charge which Mr Levine admitted related to trading the stock of Jewel companies in

International...  
Post-stake...  
Seagram...  
Quarter...  
NET AND...  
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SECTION II - COMPANIES AND MARKETS  
**FINANCIAL TIMES**

Friday June 6 1986

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## International Minerals warns of \$150m loss

BY WILLIAM HALL IN NEW YORK

INTERNATIONAL Minerals and Chemical (IMC), the world's biggest fertilizer company, which has been hit hard by the recession in the US farm belt, yesterday warned that fourth-quarter losses could reach \$150m.

The company, which is based in Northbrook, Illinois, said it is reviewing several of its underperforming assets for possible write-downs, and might sell certain assets including its oil and gas division and all or part of its industrial products division. The warning of expected fourth-quarter losses is the latest blow for the company, which has been hit hard by the slump in demand for fertilisers, its main product.

The company warned last October that its net income for the year to end June 1986 would be more than 40 per cent below the \$4.30 per share earned in its last financial year. In February it slashed the dividend by 61 per cent to 25 cents and said it expected earnings for the current financial year to be between 50 cents and 75 cents a share.

Yesterday IMC said its final results for the current financial year, which ends this month, will be a net loss in the range of \$4.30 a share to \$6 a share, after allowing for write-offs. In early trading yesterday IMC shares fell by \$1 to \$3 1/4.

Five years ago, IMC earned \$153.8m or 55.83 cents a share and was paying an annual dividend of \$2.46. The latest write-downs include the already announced final quarter charge related to the purchase of Avon Products' Mallinckrodt division, a leading producer of pharmaceutical materials and medical equipment, which IMC bought for \$675m last year in a bid to reduce its dependence on the cyclical fertiliser industry. The company tentatively estimated that its fourth-quarter loss would be between \$165m, or \$3.90 a share and \$175m, or \$3.88.

IMC says the downward trend in fertiliser earnings in the third quarter is expected to continue through this fiscal year and business conditions are not expected to improve in the near term. Earnings from operations before any write downs are estimated to be slightly below the previous forecast.

IMC's Houston-based oil and gas operations earned \$20.2m (pre-tax) on sales of \$90.4m last year and had identifiable assets of \$11.32m. Its industrial products operations earned \$28.1m on sales of \$432.2m and had identifiable assets of \$245.2m. The group as a whole earned \$214m (pre-tax) on sales of \$1.7bn.

## Texas Air to take stake in Spantax

By David White in Madrid

TEXAS AIR, the US airline holding group, has agreed in principle to take a shareholding in Spantax, the troubled private-sector Spanish air charter company. The plan has still to be approved by the Spanish government.

Announcement yesterday of the initial agreement, which comes after a two-year search for a foreign partner, coincided with the start of a five-day strike by Spantax employees. The airline said the strike would affect 200 flights and some 40,000 passengers.

Spantax started out as an air taxi company in 1956. Operating first in the then-Spanish territory of Spanish Sahara and in the Canary Islands before expanding to the mainland and the boom market of European package tours to Spain. It was hit from the start of the 1980s by high fuel prices, a decline in the tourism business and by the crash of a DC-10 aircraft at Malaga in September, 1982.

Last November it presented a viability plan to the Government, with which it had accumulated sizeable debts. The plan involves the sale of some fixed assets and an early retirement plan to reduce the company's workforce of about 800. The Socialist administration has opposed the idea of nationalising the company.

Originally it had been hoped to find a European shareholder. However, while Spantax has been mainly geared to the West German market, it has been seeking to develop business with both North and South America.

## PROSPECT OF GROWING COMPETITION SPARKS CANADIAN MERGER

# Wood Gundy firms foundations

BY BERNARD SIMON IN OTTAWA

CANADA'S securities industry is poised to take a leap forward with the merger announced on Wednesday between Wood Gundy, a pillar of the Toronto business establishment, and Gordon Capital Corporation, the maverick firm which has shaken the establishment during the past two years.

With a capital base of C\$250m (US\$179.2m), 1,800 employees and 35 offices around the world, the new company - to be known as Wood Gundy - is a response by Canada's more far-sighted securities dealers to the growing competition they face, not only in international capital markets, but also at home.

Mr Ted Medland, Wood Gundy's chairman who will hold the same post in the new company, said: "If I honestly think that, no matter how hard we worked, we would wither and die."

The pressures on the Canadian securities industry will be apparent within the next few weeks when the Government of Ontario (where almost all leading investment dealers are based) is expected to issue a policy statement supporting greater participation by foreign firms in Canadian financial markets.

Although the guidelines will be open for discussion before becoming law, they are likely to result in foreign firms being allowed to take a higher equity stake in Canadian companies than the present 10 per cent, and to compete over a wider front in securities trading and underwriting.

US investment bank Goldman Sachs is setting up its first office in Toronto in anticipation of the new rules.

Further down the line, Canada's big banks are lobbying hard to be given corporate underwriting powers, presently reserved for the smaller securities industry. Although it will be several years at least until such concessions are made to the banks there is no doubt which way the wind is blowing.

The new Wood Gundy will have almost double the capital of the leading Canadian firm, Dominion Securities Pitfield. It hopes to match domestic and international competition by bringing together Wood Gundy's established international trading and distribution capabilities and Gordon Capital's flare for innovative and aggressive deal-making.

While still regarded as the doyen of Canada's securities industry, Wood Gundy has suffered in the past year or two from the departure of several senior managers and its involvement in well-publicised underwriting flops.

Gordon Capital's unorthodox tactics have shown up the weak spots of Wood Gundy and Toronto's other establishment firms. Gordon's Winnipeg-raised chairman, Mr James Connacher, who will be president of the new firm, takes a low profile and forbids his staff from giving press interviews. But the company has seldom been out of the limelight in the past two years, with the publicity almost always accompanied by controversy.

Gordon can claim a good deal of credit for the forthcoming changes in Ontario's policy towards foreign securities firms. It proposed using a loophole in existing rules two years ago to form a joint venture with the Brussels Lambert group of Belgium to specialise in institutional trading. The venture has been put on hold until the new rules are implemented.

## Bobst plans to step up payout

BY WILLIAM DULLFORCE IN GENEVA

BOBST, the Lausanne-based manufacturer of machinery for converting paper and cardboard into packaging, plans to raise shareholders' dividends from Sfr 44 to Sfr 48 per share and from Sfr 22 to Sfr 24 per registered share and participation certificates after reporting improved results for 1985.

Group turnover climbed 19 per cent to Sfr 6.2m (\$339m), cash flow increased 29 per cent to Sfr 38.7m and consolidated net earnings at Sfr 19.2m were up 27 per cent. Parent company net profit grew 26 per cent to Sfr 15.2m with sales 21.5 per cent ahead at Sfr 371m.

The figures do not cover S.A. Martin, the French company in which Bobst acquired a 44 per cent stake for Sfr 5.4m last year and took over management responsibility. Nor do they include W.H.K. Peters, the Hamburg company which Bobst took over on January 1 this year. Both make machines for converting corrugated board.

Bobst generates more than 95 per cent of its sales outside Switzerland, 29.5 per cent in the EEC last year and 27.4 per cent in the US. It is the world leader in its original business and with the acquisition of Martin and Peters has also become the biggest producer of machinery for making cheaper corrugated board packaging.

With the change of Government in France, Bobst hopes to acquire the majority holding in Martin, which it was refused by the former Socialist administration. It is reorganising Peters and will invest Sfr 20m to Sfr 30m over the next few years to expand capacity with the aim of raising its world market share from 5 per cent to around 20 per cent, Mr Bruno de Kalbermat, managing director, said.

A further Sfr 40m will be spent during 1986-88 on extending production capacity at Metz, near Lausanne. These plans have been made possible by a capital expansion last year which included a one-for-eight rights issue and a first issue of participation certificates.

Parent company shareholders' funds, including reported reserves, grew during 1985 from Sfr 99m to Sfr 152m and were equivalent to 62 per cent of total liabilities, before the payment of the dividends.

## Lurgi earnings set to recover following major rationalisation

BY JOHN DAVIES IN FRANKFURT

LURGI, the West German engineering and process plant group, is beginning to benefit from its slimming down and cost savings measures, but is still cautious about future prospects for orders.

Mr Dietrich Ertl, chief executive, said that earnings should recover slightly this financial year, although they would still be burdened by the cost of the company's early retirement scheme aimed at pruning its workforce.

Lurgi, a subsidiary of Metallgesellschaft the metals, chemicals and trading concern, has said its earnings, which it has been dropping last financial year as it pressed ahead with costly rationalisation measures.

Mr Ertl expected new orders to reach about DM 2bn (\$678m) in the current financial year to September 30, compared with last year's DM 1.9bn. Orders have picked up from the depressed years from 1982 to 1984, but are still well below the peak of DM 2.7m in 1981-82.

Mr Ertl said, however, that Lurgi was handling its order volume with a much smaller workforce, which had been cut by more than 1,000 from its peak in 1981 to 4,453 at the end of April. Lurgi would also feel the full benefit of a new and more rational organisational structure once it brought various operations together into a new Frankfurt headquarters in just over a year.

Lurgi executives said that orders now were particularly difficult to predict because of the payments problems of developing countries, the unsettling impact of the dollar's fall and the oil price slide. The Soviet Union and East Germany were reviewing their plans for large scale industrial projects because of the collapse in oil prices.

Mr Ertl said that the industrialised countries, including West Germany and the US, were becoming more important sources of orders for Lurgi. Domestic orders accounted for 25 per cent of Lurgi's total orders in the last financial year and as much as 36 per cent so far this year.

Most orders were relatively small, which at least had the advantage of spreading risks, Mr Ertl said. There was a strong trend towards projects involving environmental protection, such as desulphurisation plants for power stations.

## Rosenthal to maintain dividend

By John Wicks in Zurich

ROSENTHAL, the West German ceramics and glass manufacturer, plans an unchanged dividend of DM 7.50 per share in respect of last year plus a bonus of DM 1 from extraordinary income.

Group earnings in 1985 were up from DM 4.5m to DM 5.1m (\$1.83m). Extraordinary income of DM 87.6m, which reflected the sale to the Hoechst group of Rosenthal Technik, the technical ceramics subsidiary, was offset by special depreciation and revaluation, particularly in foreign participations.

Concentration of activities on household porcelain, glass, ceramics, cutlery and furniture led to a drop in world sales from DM 886.5m to DM 572.78m.

The company says it expects satisfactory business and another good result for the current year.

## Bear Stearns boosted by markets

BY TERRY BYLAND IN NEW YORK

BEAR STEARNS, the Wall Street securities trading firm which went public last October, attributes "outstanding results" for its first public fiscal year to favourable conditions in the securities markets which have benefited all its business divisions.

For the 12 months to April 30, Bear Stearns earned \$131.7m, or \$2.44 a share, a record according to the board. Revenues bounded from \$1.6bn to \$2.2bn. The figures have been restated to allow for the flotation, as have earnings for the previous year of \$98.4m or \$1.83.

In the final quarter, revenue dipped from \$582.7m to \$538.5m, but expenses were sharply reduced, bringing an increase of 40 per cent to \$42.3m in net earnings.

The common stock is to be split three for one and an increased quarterly dividend of 11 cents will be paid on the new stock. The annual meeting in September will be aimed to double authorised common stock to 200m shares.

Bear Stearns also released yesterday its letter to Mr Fenton Guinness, chief executive of Anderson, Clayton, the consumer products group for which Bear Stearns and Gruss & Co jointly made a \$655m bid offer.

The letter rejects Mr Guinness' comment that the offer was "loaded with conditions"

## PKI hopes to sell subsidiary for DM 108m

By David Brown in Nuremberg

PHILIPPS Kommunikations Industrie (PKI), a West German arm of the Munich electronics group, yesterday announced plans to float its wholly owned electrical engineering subsidiary, Felten & Guillemette Energietechnik (FGE) in Germany this autumn.

Philips said its subsidiary, which produces high-voltage energy transmission equipment and had sales of about DM 90m (\$396m) last year, did not fit into the group's product mix, which is increasingly focused on information systems and telecommunications equipment.

Faced with stagnant sales and weak earnings in the offshoot, Philips has unsuccessfully sought an industrial buyer since 1983. The management hopes to raise about DM 108m through the public issue but does not rule out retaining a stake in the company.

PKI turnover in the first four months to the end of April rose at a stable 7 per cent. Orders climbed 11 per cent - more slowly than last year's average. Sales in 1985, including FGE climbed 7 per cent to DM 2.3bn, fuelled by strong domestic demand including the German Federal Post Office, one of its largest customers.

Group earnings slipped slightly last year from DM 73m to DM 66m. Parent company earnings rose from DM 74m to DM 85m.

Meanwhile, the separate Algemeine Deutsche Philips Industrie announced plans to invest about DM 500m to expand its Hamburg facility to produce megabit microchips.

## Du Pont stake lifts Seagram in quarter

By Our Montreal Correspondent

SEAGRAM, the Canadian drinks group, says higher liquor taxes in North America continued to depress its wines and spirits business in the first quarter to April 30. Spirits sales were strong in Europe, however.

Overall, Seagram achieved a major increase in earnings because of its equity in Du Pont, the US chemicals group, in which it is the largest single shareholder with 22.5 per cent.

Including the share of Du Pont's earnings, Seagram reported net profit of US\$89.4m, or US\$1.04 a share, against US\$44.4m, or 48 cents, a year earlier. After-tax dividends from Du Pont were US\$37.8m.

## CIBC falls at midway ahead of restructuring

BY ROBERT GIBBENS IN MONTREAL

CANADIAN Imperial Bank of Commerce which is planning a major restructuring to improve performance has reported lower second-quarter and half-year earnings. The bank has raised provisions on foreign and energy loans.

Net profit for the quarter ended April 30 was C\$74.2m (US\$53.4m), or 48 cents a share, against C\$81.3m, or 66 cents a share. Half-year profit was C\$161.3m or \$1.12 a share, against C\$167.1m, or \$1.41 a share.

Assets at April 30 were C\$78bn against C\$74bn.

Non-accrual loans at April 30 were C\$1.6bn, down C\$200m from January 31. The bank's C\$830m in loans to Dome Petroleum will be classified as non-accrual in the third quarter. Interest will be taken into income only if paid in cash.

Confidential Bank of Canada, fighting to rebuild deposits and reduce reliance on central bank and other special funds, has cut back its growth plans and will now concentrate on profitability.

Six-months earnings were C\$8.6m, or 48 cents a share, against C\$7.5m, or 38 cents a share, a year earlier. Assets at April 30 were C\$6.25bn against C\$6.25bn.

The bank was caught in the downturn of two bank failures in Western Canada last year and is now succeeding in rebuilding confidence.

## VALMET AND WARTSILA JOIN FORCES AS INDUSTRY HEADS FOR ROUGH SEAS

# Shipbuilders set to weather storm

BY OLLI V. VIRTANEN IN HELSINKI

SOME PEOPLE called it privatisation, other radical socialism. Both sides had their point, but whichever way they looked at the recent double merger between the shipbuilding and paper machinery divisions of Valmet and Wartsila, two of Finland's leading metal and engineering companies, it was a masterpiece if necessary move.

Under the deal, Finland's leading shipbuilder, the stock-market listed Wartsila, will absorb the shipbuilding division of state-owned Valmet. Wartsila will control 70 per cent of the new unit and Valmet will retain the balance.

As a counterpoint to this, Wartsila will transfer to Valmet control of its paper-machinery operations. Valmet's share of this new company - possibly the biggest paper-machinery group in the world - will be 65 per cent, and Wartsila will have the remainder.

Easy as the deal looks on paper, it was full of stumbling blocks. The biggest was the fact that Finland had no tradition of privatising state-owned companies or even parts of them. Wartsila's shipbuilding division is almost three times as big as Valmet's, and co-operation between the two would have left a private-sector company in a dominant position.

But ruffled public-sector feathers were smoothed once Valmet and Wartsila included their paper-machinery divisions - the best performers in both companies - in the negotiations. Valmet has become one of the world's leading makers of paper machines with its acquisition of the paper-machinery division of the Swedish KMW group.

The negotiations between a handful of top officials and the key ministers took only a few months. Some government officials have pointed to the fact that this merger required no money - state or otherwise. In most other European countries yards in trouble seek subsidies and eventually land up in the arms of the state.

Nevertheless, the shipbuilding combination faces rough seas. Wartsila plans to cut the present combined workforce of 10,000 by about 4,000 during the next few years. Order books at all six yards had shrunk in the past two years, and 1987 will be the worst for a decade.

The global shipbuilding recession hit Finland much later than it caught most other European yards. Finnish yards managed to survive far longer thanks to specialised product ranges and a steady stream of orders from the Soviet Union.

Trade between Finland and the Soviet Union is declining as a result of falling oil prices. At the same time shipbuilding competition in the West has mounted. Even Moscow now claims that Finnish yards are over-priced compared with the world market.

The situation has been exacerbated by increasing competition among Finnish yards. Valmet has tried to win a contract for two icebreakers for the Finnish Government. Finnish icebreakers have traditionally been built by Wartsila, which commands a 60 per cent world market for such ships. Valmet has recently won an order for a cruise liner, another Wartsila specialty. Both yards already compete in the Arctic offshore business.

It is precisely this trading environment that has led the companies to join forces. Wartsila will now enjoy an unchallenged position in most of its specialties at home plus a strong hold of the global markets.

Mr Tor Stojpe, president of Wartsila, claims that his company will be the world leader in highly specialised, tailor-made vessels when the new formation begins operations at the beginning of 1987.

Valmet, a leader in paper-machinery technology, has about 25 per cent of all world orders for large paper machines, and its combined sales will reach about \$600m this year. This compares with sales of \$444m in 1985 for Beloit, largely considered the world leader.

The merger with Wartsila's paper-machinery side will enable Valmet to offer complete paper-machinery packages in which Valmet builds the actual paper machinery and Wartsila provides the paper finishing systems.

*This announcement appears as a matter of record only.*

New Issue 20th May, 1986

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### THE NIPPON SYNTHETIC CHEMICAL INDUSTRY CO., LTD.

(Nippon Gohsei Kagaku Kogyo Kabushiki Kaisha)

**U.S.\$40,000,000**  
 2½ per cent. Guaranteed Notes 1991

with  
**Warrants**

to subscribe for shares of common stock of The Nippon Synthetic Chemical Industry Co., Ltd.  
 The Notes will be unconditionally and irrevocably guaranteed by  
**The Industrial Bank of Japan, Limited**  
*(Kabushiki Kaisha Nippon Kogyo Ginko)*

Issue Price 100 per cent.

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**Yamachi International (Europe) Limited**

*IBJ International Limited* *Algemeine Bank Nederland N.V.*  
*Banque Paribas Capital Markets Limited* *Deutsche Bank Capital Markets Limited*  
*Kleinwort, Benson Limited* *Samuel Montagu & Co. Limited*  
*Morgan Guaranty Ltd* *Morgan Stanley International*  
*Societe Generale* *Swiss Bank Corporation International Limited*

## INTL. COMPANIES &amp; FINANCE

## Bank of America boosts executive team

BY WILLIAM HALL IN NEW YORK

BANK of America, the West Coast banking concern suffering through heavy lending losses, has recruited two more senior bankers from outside the group in an attempt to strengthen its top management team.

Mr Richard T. Griffith, the chief operating officer of the Federal Reserve Bank in San Francisco, and Mr Jamie Stewart, head of US corporate banking at Crocker Bank, have joined the bank's world banking division. The appointments are part of a plan to integrate more closely the bank's worldwide whole-sale lending, investment banking and corporate payments services.

Mr Griffith, aged 43, becomes an executive vice president and will head a new corporate payments division within the world banking division. Mr Stewart, aged 42, will head investment banking as senior vice president for the bank's North American division.

Bank of America's top management team has been marked by higher-than-average turnover during the past few years as the bank's difficulties have mounted. Earlier this week, Mr James Wiesler, a vice chairman of the bank and head of its important global retail bank-

ing operations, announced that he was taking early retirement.

The bank made no reference to the question of who, if anyone, would replace 58-year-old Mr Wiesler, one of the few remaining veterans in the bank's extensively reshuffled top management team.

Mr Thomas Cooper, who joined the group last year and was appointed president and chief operating officer in March, has temporarily taken over Mr Wiesler's responsibilities. Mr Cooper also remains in charge of bank's services division.

There has been criticism on Wall Street of Mr Sam Aronson and Mr Leland Prussia, the two officials who have headed the bank for the past five years. Analysts are watching with interest Mr Cooper's growing power within the bank, which is still regarded as a possible takeover target if it cannot quickly solve its deep-seated problems.

Mr Cooper, who announced the two new appointments, said both men would play key roles in the bank's strategy of providing the most appropriate mixture of products and services to wholesale customers.

All of these Securities have been sold. This announcement appears as a matter of record only.



U.S. \$100,000,000

Sterling Drug Inc.

8 7/8% Notes Due 1996

MORGAN STANLEY INTERNATIONAL

MANUFACTURERS HANOVER Limited

BANQUE INDOSUEZ

BARCLAYS MERCHANT BANK Limited

CREDIT LYONNAIS

CREDIT SUISSE FIRST BOSTON Limited

LLOYDS MERCHANT BANK Limited

THE NATIONAL BANK OF KUWAIT S.A.K.

THE NIKKO SECURITIES CO., (EUROPE) LTD.

NOMURA INTERNATIONAL Limited

SUMITOMO FINANCE INTERNATIONAL

SUMITOMO TRUST INTERNATIONAL Limited

WESTDEUTSCHE LANDESBANK Girozentrale

May, 1986

## Home Box Office and Warner sign film deal

BY PAUL TAYLOR IN NEW YORK

WARNER Brothers, the leading US film group, has signed a five-year licensing agreement that will allow Home Box Office (HBO) the pay television channel, to show its films.

The agreement gives HBO, a subsidiary of Time, the magazine group, a new weapon in its battle with the rival Showtime/The Movie Channel pay television service, run by Viacom International.

The agreement provides for HBO to have exclusive rights to the films under certain unspecified circumstances. Payment will be based on box-office and subscriber levels.

The films, which include The Goonies, Spies Like Us, Target, and others, will be shown from later this year.

Although Warner and HBO did not put a price tag on the deal, Wall Street analysts have suggested that such an exclusive agreement, covering 125 films over five years, might be worth about \$125m a year or up to \$600m. The actual value of the deal might, however, be reduced by HBO's apparent agreement to allow Warner to sell rights to at least some of the films covered by the deal to other bidders. In the past HBO has shunned exclusive film deals.

## Lindt buys back licence

LINDT & Sprüngli, the Swiss chocolate company, has acquired the Lindt-brand operations in Germany and the Netherlands which have been handled under licence by the Aachen-based Leonard Monheim concern, writes John Wicks in Zurich.

Monheim, whose own brands in-

clude Trumpf, Maxton and Van Hazen, has for many years manufactured and marketed Lindt products in the two countries.

The transaction, no price for which has been disclosed, will be carried out through a recently formed Lindt & Sprüngli subsidiary in Germany.

U.S. \$100,000,000

Great Western Financial Corporation

Floating Rate Notes Due 1995

Interest Rate	7 5/16% per annum
Interest Period	6th June 1986 8th September 1986
Interest Amount per U.S. \$50,000 Note due 8th September 1986	U.S. \$954.69

Credit Suisse First Boston Limited  
Agent Bank

## CROSSLAND SAVINGS, FSB

U.S.\$100,000,000  
Collateralized Floating Rate Notes,  
Series A due December 1997

For the three months 5th June 1986 to 5th September 1986 the Notes will carry an interest rate of 7 3/4% per annum with an interest amount of U.S.\$1932.64 per U.S.\$100,000 nominal. The relevant interest payment date will be 5th September 1986.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

U.S. \$150,000,000

First Interstate Overseas N.V.

Guaranteed Floating Rate  
Subordinated Notes Due 1995Guaranteed on a subordinated basis  
as to payment of principal and interest by

First Interstate Bancorp

Interest Rate	7 1/4% per annum
Interest Period	6th June 1986 8th September 1986
Interest Amount per U.S. \$10,000 Note due 8th September 1986	U.S. \$189.31

Credit Suisse First Boston Limited  
Agent Bank

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

2nd June, 1986

**NMB**  
MINEBEA CO., LTD.  
(Minebea Kabushiki Kaisha)

U.S. \$100,000,000

European Tranche U.S. \$50,000,000

2 3/4 per cent. Guaranteed Bonds due 1991

with

Warrants

to subscribe for shares of common stock of  
Minebea Co., Ltd.The Bonds will be unconditionally and irrevocably guaranteed by  
**The Sumitomo Trust and Banking Company, Limited**

Issue Price 100 per cent.

Nomura International Limited  
Baring Brothers & Co., LimitedBanque Indosuez  
Banca del Gottardo

Algemene Bank Nederland N.V.

Bank of Tokyo International Limited

Banque Nationale de Paris

Banque Paribas Capital Markets Limited

Bayerische Vereinsbank Aktiengesellschaft

County Bank Limited

KOKUSAI Europe Limited

Kredietbank International Group

Lloyds Merchant Bank Limited

Merrill Lynch Capital Markets

Morgan Grenfell &amp; Co. Limited

Nippon Kangyo Kakumaru (Europe) Limited

Sumitomo Trust International Limited

Taiyo Kobe International Limited

NEW ISSUE

This announcement appears as a matter of record only.

May, 1986

**NMB**  
MINEBEA CO., LTD.  
(Minebea Kabushiki Kaisha)

U.S. \$100,000,000

2 3/4 per cent. Guaranteed Bonds 1991

with

Warrants

to subscribe for shares of common stock of Minebea Co., Ltd.  
(Asian tranche)

The Bonds will be unconditionally and irrevocably guaranteed by

**The Sumitomo Trust and Banking Company, Limited**

ISSUE PRICE 100 PER CENT.

Daiwa Singapore Limited

Berliner Handels- und Frankfurter Bank

Credit Suisse First Boston (Asia) Limited

Kleinwort, Benson (Singapore) Limited

Bangkok Bank Limited

Chase Manhattan Asia Limited

DB Capital Markets (Asia) Ltd.

The Development Bank of Singapore Ltd.

Jardine Fleming (Securities) Limited

LTCB Asia Limited

Salomon Brothers Asia Limited

Singapore International Merchant Bankers Limited

Société Générale

Tokai Asia Limited

United Merchant Bank Limited

Universal Securities Co., Ltd.

Wardley Limited

## INTL. COMPANIES & FINANCE

# ICI retains control in Malaysia

BY WONG SULONG IN KUALA LUMPUR

IMPERIAL CHEMICAL Industries of the UK has won crucial Malaysian Government approval to retain equity and management control of its Malaysian operations which are to be restructured to conform with the government's New Economic Policy (NEP).

The move is likely to pave the way for ICI to consider seriously several major investment projects in Malaysia.

The approval from the Foreign Investment Committee for ICI to retain 50.1 per cent of its Malaysian operations was given in just under three months, and reflects the growing pragmatism of the Malaysian authorities in bending the

previously rigid NEP rules to attract more foreign investment.

On Monday, Rothmans Malaysia also announced an equity restructuring scheme under which its UK parent would retain 50 per cent of its equity, but approval for this took more than a year.

Confirmation of the Government's flexibility on the NEP was made by Dr Mahathir Mohamad, the Prime Minister, when he said in a recent television interview: "We have now to concentrate on growth first and only then on restructuring, so the NEP will be held more or less in abeyance except in areas where there is growth."

ICI still needs approval for its

restructuring from the Stock Exchange's capital issues committee, but this is not expected to pose any major obstacle.

Under the proposals, ICI will transfer all its Malaysian business into Chemical Company of Malaysia (CCM), a publicly listed subsidiary.

CCM will be a holding company with four subsidiaries each dealing with one main line of business: the manufacture and sale of paints, fertilisers, agrochemicals and industrial chemicals.

The entire ICI Malaysian operations last year recorded turnover of around 500m ringgit (\$192m) and pre-tax profits of around 40m ringgit.

The Bumiputra (ethnic Malay) stake in CCM will be 42 per cent compared with the NEP minimum requirement of 30 per cent.

CCM will be transformed from a producer of agricultural chemicals into a diversified group and will benefit from the Government's renewed emphasis on agriculture and housing, and a new status accorded to the chemical industry under the country's industrial masterplan.

ICI had argued that retention of equity control was essential to ensure that the Malaysian operations benefit from ICI's research and development, trade names and patents as well as new products and technology.

## First fall for Hitachi in 11 years

BY YOKO SHIBATA IN TOKYO

HITACHI, the Japanese maker of electrical goods, suffered a 29 per cent fall in consolidated net profits to ¥150.22bn (\$876.7m) in the year to March, its first setback in group earnings for 11 years.

It blamed the poor showing on a weak performance by the parent company itself, affected by the recession in the semiconductor market and the year's sharp appreciation.

In addition, the Maxell subsidiary suffered from under-cutting competition in the magnetic tape market, and the performance of Hitachi's overseas semiconductor manufacturing equipment subsidiaries was

sluggish. Overall, sales eased by 0.1 per cent to ¥5,010.46bn.

Sales of the group's electric power equipment and heavy electrical machinery and those of its industrial machinery and plant sector both rose 6 per cent.

However, sales of electronic devices were down by 4 per cent, due to the long slump in the chip market.

Home electrical appliances dipped 2 per cent owing to slow sales of video cassette recorders.

Hitachi's consolidated pre-tax profits fell 27 per cent to ¥371.09bn, due chiefly to the negative impact from the semiconductor recession and a

## Sharp rise at Singapore Airlines

BY OUR FINANCIAL STAFF

SINGAPORE AIRLINES (SIA), the island state's flag carrier, which went public last November, showed a 40.9 per cent boost in group pre-tax profits to S\$311.5m (US\$140.2m) for the year to March, up from S\$221.1m.

More than half the improvement stemmed from sales of the S\$50m issue. This is drawn from net earnings per share started at 50.2 cents against 35.8 cents.

Group net earnings were up 50.9 per cent from S\$193.1m to S\$292.1m. Excluding ground-based subsidiaries, airline net profits alone were S\$230.7m compared with S\$140.9m.

For the current year, SIA said: "There will be a favourable impact on operating expenditure with the fuel price remaining at current levels. However, this will be offset by downward pressure on revenue yields."

SIA shares, issued at S\$5 each, closed yesterday at S\$6.95, down 10 cents on the news.

## Net profits halved at Kyocera

BY OUR TOKYO STAFF

KYOCERA, Japan's leading manufacturer of ceramic packages for integrated circuits, had its consolidated net profits halved in the year to March.

The 51.7 per cent fall to ¥18.38bn (\$107.8m) was caused by the prolonged recession in the microchip industry and the strong value of the yen. The consolidated result was lower than the parent company's net profits of ¥19.43bn, a disparity which was in part blamed on a serious setback at one of its

subsidiaries, Kyocera International of California.

Group sales fell 14.3 per cent to ¥279.1bn, while pre-tax profits totalled ¥42.93bn, a 47.8 per cent drop.

Sales by category showed semiconductor parts down by 33.5 per cent and ceramic materials for the electronics industry lower by 23.3 per cent. Electronic machinery were 23.2 per cent higher, however.

The company said profit margins were under pressure from foreign exchange losses,

## Share buy-back proposals from Australian SEs

BY LACHLAN DRUMMOND IN SYDNEY

THE AUSTRALIAN Associated Stock Exchanges has recommended that public companies be allowed to buy their own shares, an issue which has come to prominence in the recent bout of takeover raids.

The recommendation is contained in a discussion paper issued yesterday and is based closely on the UK model which allows purchases and the cancellation of shares. Initial reactions from both predators and target companies have been positive.

The proposals include a range of safeguards and limitations including a starting point of shareholder approval for companies in any 12-month period to buy up to 10 per cent of their capital. A further 10 per cent tranche would be allowed in any 12 months subject to

## Reserve Bank spells out credit exposure rules


BY OUR SYDNEY CORRESPONDENT

THE RESERVE BANK of Australia, the country's central bank, has detailed the more formal approach it will take to the supervision of bank credit exposures, a step seen as a warning from the supervisors that they will not tolerate reckless lending practices during a period of heightened competition between banks and of multi-billion dollar takeovers.

The new rules are in line with the recent UK White Paper on banking supervision, although no legislative backing is proposed for the guidelines. This continues the co-operative approach established over recent years to Reserve Bank supervision.

After consulting the country's commercial banks, the Reserve Bank has obtained a statement from each on its policy on large exposures to individual clients

This announcement appears as a matter of record only. May, 1986



### Türkiye Cumhuriyet Merkez Bankası

(The Central Bank of the Republic of Turkey)

**U.S. \$150,000,000**  
Commercial Paper  
Letter of Credit Facility

Arranger and Facility Agent  
The Sumitomo Bank, Limited


The Bank of Yokohama, Ltd.	Banque Paribas
The Chuo Trust and Banking Company Limited	Credit Industriel et Commercial de Paris
The Gulf Bank K.S.C.	The Yasuda Trust & Banking Company, Limited
National Australia Bank Limited	
Arab Banking Corporation (B.S.C.)	Banca Commerciale Italiana
Banco Fonsecas e Burnay	AL BANK AL SAUDI AL FRANSI (The Saudi French Bank)
The Hokkaido Takushoku Bank, Limited	Kreditbank S.A. Luxembourg
Maryland National Bank	Riyad Bank
The Saitama Bank, Limited	The Sumitomo Trust & Banking Co., Ltd.
The Taiyo Kobe Bank, Limited	
OKOBANK Osuspankden Keskuspankki Oy	
Banco de Bilbao, S.A.	Banco Pinto & Sotto Mayor
Banco Portugues do Atlantico, E.P.	Banco Totta & Acores
The Bank of Nova Scotia	Bergen Bank International S.A.
Commonwealth Bank of Australia	Osterreichische Länderbank Aktiengesellschaft

Commercial Paper Dealer  
Goldman Sachs Money Markets Inc.

Depository, Issuing and Paying Agent  
The Sumitomo Bank of New York Trust Company

Letter of Credit Bank  
The Sumitomo Bank, Limited  
New York Branch

These securities having been sold, this announcement appears as a matter of record only. May, 1986



### Tourist Hotel Corporation of New Zealand

(A statutory corporation wholly owned by New Zealand)

**N.Z. \$100,000,000 (Face Amount)**  
Zero Coupon Bonds Due 1993

Offering Price: 33.5% of the Face Amount

Hill Samuel & Co. Limited	Kreditbank International Group
Bank of New Zealand	Banque Bruxelles Lambert S.A.
Banque Paribas Capital Markets Limited	Bayerische Landesbank Girozentrale
Daiwa Europe Limited	F&S Macquarie Limited
Genossenschaftliche Zentralbank AG Vienna	Morgan Grenfell & Co. Limited
Morgan Stanley International	Union Bank of Switzerland (Securities) Limited
Westpac Banking Corporation	Yamaichi International (Europe) Limited

**Downturn in earnings at Tata Tea**

By R. C. Murthy in Bombay

TATA TEA, the Indian tea producer, suffered a setback last year, with sales down 9 per cent to Rs 1,59bn (\$120.5m) and pre-tax profits 65 per cent lower at Rs 176.7m.

Mr Darbari Seth, the chairman, says tea fetched "very much lower prices than had been foreseen" and there are no signs of recovery in sight. This contrasts with 1984 which was an exceptionally good year for tea, and world prices had been at an all-time high.

Net profits dropped by a third to Rs 115.7m and the dividend was cut to 30 per cent from 50 per cent. To reduce the impact of price fluctuations, the company has started marketing packaged tea directly to consumers instead of selling all the tea produced through auctions.


**Pakistan Tobacco maintains dividend**

PAKISTAN TOBACCO Company, an offshoot of BAT Industries of the UK, has maintained its dividend at 20 per cent for the year to December despite "tough competition" from the growing production by other companies in the Pakistani market, Mohammad Aftab reports from Islamabad.

The company commands 50 per cent of the local market. It has a capacity of 23bn cigarettes a year, but actual production ran at 65.62 per cent or 15bn units during 1985.

Pre-tax profits declined 83.83 per cent to FRs 75.25m (\$4.58m). This was attributed to increases in excise duty, tariff rates, energy and freight charges as well as higher wages

NEW ISSUE These Notes have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to US Persons as part of the distribution. This announcement appears as a matter of record only.



### Bikuben

Sparekassen Bikuben

(A Savings bank established under Danish Banking Law)

**U.S. \$45,000,000**  
Floating Rate Subordinated Notes due 1996

BankAmerica Capital Markets Group	Merrill Lynch Capital Markets
Yamaichi International (Europe) Limited	
Banque Paribas Capital Markets Limited	Commerzbank
Dai-ichi Kangyo International Limited	Deutsche Girozentrale - Deutsche Kommunalbank -
FennoScandia Limited	Första Sparbanken
SwedBank	Union Bank of Norway
	Sparebanken ABC

May 1986

**Brasilvest S.A.**

Net asset value as of 30th May, 1986

per Cr\$ Share: 45,989

per Depositary Share: U.S.\$30,679.32

per Depositary Share: (Second Series) U.S.\$28,899.77

per Depositary Share: (Third Series) U.S.\$24,517.46

per Depositary Share: (Fourth Series) U.S.\$22,904.62

**IMASCO**

Notice is hereby given to the holders of euro-currency securities issued by:

**IMASCO LIMITED**  
15% DEBENTURES DUE JANUARY 1988

That the 1986 annual report of the company referred to above is available on request from The Secretary, E.A.T. Industries p.l.c., 50 Victoria Street, London SW1H 0NL.

U.S. \$100,000,000  
Floating Rate Depository Receipts Due 1992

Issued by Bankers' Trust Company Limited evidencing entitlement to payment of principal and interest on deposits with

**Banco di Sicilia**  
(Established in the Republic of Italy as a Public Credit Institution)

For the six month period 5th June 1986 to 5th December 1986 the Receipts will carry an Interest Rate of 7.75% per annum with a Coupon Amount of US\$3,748.96 per US\$100,000 Receipt. The relevant Interest Payment Date will be 5th December 1986.

Bankers Trust Company, London Agent Bank

INTERNATIONAL COMPANIES and FINANCE

New issues focus on equity-related

BY CLARE PEARSON

EQUITY-RELATED bonds dominated new issues activity in the Eurobond market yesterday.

Nomura International brought a \$10m equity warrant five-year bond for Hitachi Credit guaranteed by Hitachi, the Japanese triple A-rated electricals company.

Terms will be fixed on June 11, but the bond's indicated coupon is 21 per cent. Warrants will be exercisable for five years into Hitachi shares, which traded at ¥1440 in Tokyo yesterday.

Two convertible bonds for North American companies were launched, both of which met relatively enthusiastic receptions.

The coupon is expected to be set at between 5 1/2 and 6 per cent, and the conversion premium at 24 to 28 per cent, when terms are fixed on June 11.

Two recent equity warrants deals, a \$60m five-year bond for Orient Leasing and a \$70m seven-year bond for Mitsubishi Petrochemical, were priced with coupons at indicated levels.

Daiwa Europe set Orient Leasing's coupon at 21 per cent, and reported a bid price of 98 1/2. Warrants are exercisable into the company's share at ¥3030, a 2.5 per cent premium over yesterday's close.

foreign exchange rate in both cases was set at ¥172.10 to the dollar.

Credit Suisse launched a SFr 202.25m bond for Ford Motor Credit, the proceeds of which will be swapped.

Two convertible bonds for North American companies were launched, both of which met relatively enthusiastic receptions.

Union Bank of Switzerland issued 80,000 warrants on their own into a bond of KLM, the Dutch airline.

The D-Mark market traded quietly in very low volume.

Under present rules, the houses may hold no more than 20 per cent of their net assets in other companies' securities.

Borrowing sharply lower in May

By Our Euromarkets Correspondent

BORROWING in the international capital markets fell sharply in May to \$20.4bn, a drop of \$12.8bn on April.

Particularly steep was the decline in activity on international bond markets where new volume slid to \$14.5bn from \$26.1bn in April.

Record £400m facility for Next credit subsidiary

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

GLUB 24, the credit subsidiary of the UK's Next clothes retailing concern, has launched a £400m loan facility in the international capital markets.

Led by Barclays Merchant Bank, the deal is designed to refinance and add to an early £250m borrowing taken out before Next bought out the share in Club 24 previously held by Forward Trust of the Midlands Bank Group last September.

Meritt Lynch is leading the Futaba bank which has increased rapidly from an initial £100m. It is a five-year deal which carries interest at the six-month

Basic terms include a three-year renewable maturity and an annual commitment fee of 1 per cent payable only on undrawn amounts.

Drawings under the accompanying standby credit will bear interest at a margin of 1 per cent over money market rates.

Mr Tom O'Malley, Club 24 managing director, said the facility will enable the company to expand both its business base and its retailer client portfolio.

will be needed for the commercial paper option if it is used. Such issues will be confined to £50m initially to limit the involvement of the parent company.

Overall the deal offers a cost saving to Club 24 compared with its previous facility which carried a commitment fee of 4 per cent and a leading margin of 1.

Club 24 provides consumer credit facilities not only for customers of the Next store chain, but also for those of other high street retailers, including the Dixons group.

Floater for Japanese banks

BY OUR EUROMARKETS CORRESPONDENT

A FLURRY of activity surfaced in the floating rate certificate of deposit (FRCD) market yesterday with two new issues for Japanese banks.

Meritt Lynch is leading the Futaba bank which has increased rapidly from an initial £100m. It is a five-year deal which carries interest at the six-month

bid rate for Eurodollar deposits (Libid) and issue price par.

Both deals met a strong response given the current high investor demand for top-quality floating rate instruments.

banks currently find it harder to raise floating rate funds via the swap market.

Floating rate CD issues are also easier for them to arrange than full-scale floating rate notes since no prior Ministry of Finance approval is required.

GE must shed radio stations in RCA merger

THE US FEDERAL Communications Commission has approved the transfer of control of RCA and its subsidiaries, including National Broadcasting, to General Electric Co., Renter reports.

But the FCC Commissioners ordered GE to sell radio stations in New York, Chicago and Washington within 18 months due to rules preventing multiple ownership in a single market.

Because RCA, through NBC, controlled these stations and similarly located television stations, they cannot be transferred to a single entity and therefore must be divested, the FCC ruled.

NBC will continue to hold television licenses in New York, Los Angeles, Chicago, Boston, San Francisco, Washington and Cleveland.

Midland Bank reshapes US capital markets side

BY DAVID LASCELLES, BANKING CORRESPONDENT

MIDLAND BANK yesterday unveiled a new structure for its capital market operations in the US in the wake of its sale of Crocker National Bank to Wells Fargo last week.

They are to be headed by Mr Larry Clyde, formerly executive vice president, treasury and capital markets, at Crocker, and will include portions of the Crocker business retained by Midland, as well as other activities already established in the US.

They will be grouped in a new company, Midland Montagu Securities. Mr Douglas Werdnich, regional director for North America, said the creation of the new investment banking entity marked "an important step in Midland's plan to become a major player in the global markets, and to strengthen our

ability to serve our customers in the US." The main elements of the group will be: ● The primary dealership in the US government bond market which Midland acquired through Crocker and is retaining. This has a book of marketable securities totalling \$53m, plus about \$2m in fixed assets. ● Other retained Crocker businesses, including municipal bond trading. ● The foreign exchange, money market, and dealing operations of Midland's New York branch. ● The precious metals trading, dealing and investment banking activity in the US of Samuel Montagu, Midland's merchant banker. ● The New York representative office of Greenwell, the City stockbroker recently acquired by Midland.

Tokyo eases on holdings by securities firms

THE JAPANESE Ministry of Finance is considering easing slightly its present restrictions on securities houses' holdings of stocks of other companies, as part of their expansion into fresh activities in overseas markets, writes Yoko Shibata in Tokyo.

The idea, drawn from a practice already undertaken by the Bank in the sterling market, could give a new breathe of life to the Samurai market which has been steadily losing ground to the offshore Euroyen market. The bank is the largest single holder, where it has launched 33 issues since 1971 for a total value of ¥1,053,000. But the issues have generally been rather small, ranging in size from ¥11bn to ¥100bn.

Now the Bank is discussing with the authorities in Tokyo and the securities houses which lead management of the Bank in the possibility of launching a series of bonds bearing the same coupon and maturity as existing ones.

Discussions are still going on, however, and the Bank declined to confirm expectations in Tokyo that it would offer as much as ¥300bn in new Samurai issues this year. The planned procedure would not involve the launch of a medium term note programme, such as the Bank now has in place in New York. Such a programme would involve the continuous sale of notes of any maturity to meet investor demand on any one day.

Instead, the Bank is seeking to create simply what officials call "a critical mass" of paper. Since the beginning of the current fiscal year in April, only three Samurai issues have been launched for a total value of ¥5bn, while the Japanese in April alone reached ¥485bn.

Meanwhile four Japanese life insurance companies have agreed to arrange a ¥7.5bn private placement in the domestic market for Autopistas del Atlantico, the Spanish motorway company. This Shibata deal, to be launched on June 16, marks the debut of insurance companies as arrangers in this market. The companies concerned are Nippon Life, Daiichi Mutual Life, Meiji Mutual Life and Asahi Mutual Life and the paper will bear a coupon of 6.1 per cent over 10 years with an issue price of par.

World Bank to support its Samurai bonds

By Yoko Shibata in Tokyo and Peter Montagnon in London

THE WORLD BANK is seeking to improve the performance of its issues in Japan's Samurai bond market by making new issues fungible with old ones to add trading depth. The idea, drawn from a practice already undertaken by the Bank in the sterling market, could give a new breathe of life to the Samurai market which has been steadily losing ground to the offshore Euroyen market. The bank is the largest single holder, where it has launched 33 issues since 1971 for a total value of ¥1,053,000. But the issues have generally been rather small, ranging in size from ¥11bn to ¥100bn.

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Poor start by yen acceptance market

BY OUR TOKYO STAFF

THE YEN-denominated bankers' acceptance market, opened a year ago as part of the US-Japan agreements on internationalisation of the Tokyo capital markets, has failed so far to live up to expectations, according to officials here.

Against an original target of ¥1,000bn for outstanding balances at the end of the first year of the market's existence, the latest figure, giving the balance at the end of April, showed it had settled at only ¥282bn.

As in other countries, the market derives from trade. An exporter presents a yen-denominated trade draft to a Japanese bank, which the bank accepts and sells in the secondary market.

In the first few months of its existence, the yen bankers' acceptance market grew to a peak of around ¥70bn in balances outstanding, thanks to so-called "commemorative" transactions. However, funding costs and banks' spreads are higher than for conventional trade financing and a number of large groups of potential users, such as steel and oil traders, have stayed away from the market so far.

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FT INTERNATIONAL BOND SERVICE table listing various international bonds with columns for Issue, Face, Coupon, Maturity, and Price. Includes sections for US QUARTERLIES, EUROPEAN BOND SERVICE, and CRYPTOCURRENCY.



INTL. COMPANIES & FINANCE

# West German shipbuilders pay a high price for the strong D-Mark

BY RUPERT CORNWELL IN BONN

THE SHIPBUILDING industry is back on the country's corporate critical list. The brief upturn in its health, after the deep crisis at the start of this decade, now seems to be over and once again the air is thick with predictions of imminent demise.

It is hard not to feel sorry for Germany's shipbuilders. By any reasonable standard, they have done their best to adjust to the harsh realities of the international market. Between 1982 and 1985, they shed 15,000 jobs, meaning that the industry's workforce had been virtually halved in 10 years. But the difficulties which in 1984 at least seemed temporarily over, have now re-emerged with a vengeance.

The real problem, still, is excess capacity worldwide which, West German yards claim, with justification, has remained so great because competitor nations, especially in the Far East, have not adopted as radical surgery as themselves. Thus the Bonn Government, perhaps, helps the sector — to the tune of a promised DM 652m (\$281m) in subsidised interest alone between 1984 and 1986.

But by almost any measure, West German shipbuilders receive less in the way of direct subsidies than their rivals. And while genuine international agreement on means of promoting fair competition remains beyond reach, the industry, clustered along the comparatively impoverished northern coast of the country, now has to cope with the extra difficulty caused by a steadily strengthening D-Mark.

It was the currency's cheapness which helped the sector in 1984 to capture new orders for 686,000 dwt of new vessels, worth DM 3.2bn and equivalent to 5.7 per cent of the world market. But the picture has now darkened alarmingly.

True, both deliveries and orders climbed last year, to DM 2.84bn and DM 3.81bn by value respectively. But, as the German Shipbuilding Federation in Hamburg points out, the total end-1985 figure for orders in hand, of DM 4.47bn, was artificially inflated by a number of vessels due for delivery early in 1986.

Since then it has been famine. The order intake in the first quarter of this year plunged to DM 230m. Capacity usage, the federation expects, will fall

from 83 per cent in the first half to 47 per cent in the second. Incentives for German shippers to buy at home will soon be running out.

For proof, one need look no further than the seafaring fortunes of Blohm und Voss, one of West Germany's largest shipbuilders. Orders placed in the late 1970s helped Blohm

March, Rickmers, Werft in Bremen, founded in 1834, filed for bankruptcy — a bitter reminder of how times have changed since a fifth of all ships built in the world came off German shipyards.

Now, Japan and South Korea have more than 60 per cent between them and the Europeans must contend for the

und Voss. Specialisation, for its part, has long been accepted as the road to what salvation there may be. One area is military vessels and submarines, both for the West German navy and for export.

But in merchant vessels as well, German yards are concentrating on state-of-the-art technology, in order to fend off competitors. Leading the way is HDW's version of the so-called "ship of the future," a cargo carrier incorporating the most advanced electronics and engineering available.

Indeed, the "ship of the future" symbolises another trend: the growing involvement of high technology companies with the "Rustbelt" industry of shipbuilding. Siemens, for example, has a little-noticed holding of 2.5 per cent in Blohm und Voss. But it is the case of Bremer Vulkan which has excited the most speculation.

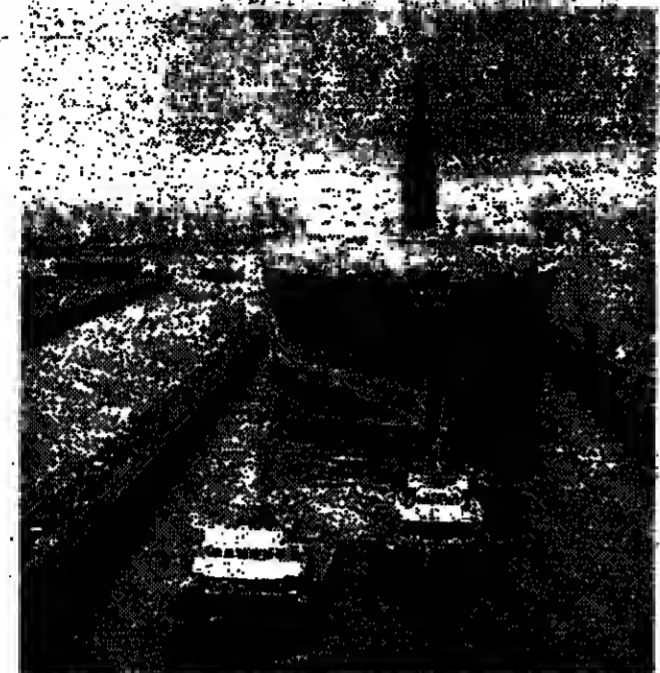
In the last few months some 50 per cent of Bremer Vulkan's capital previously owned by, among others, the Bremen state government and the Hapag-Lloyd shipping and travel concern, has disappeared into Switzerland — and no one knows on whose behalf. A recent capital increase by Vulkan, from DM 88m to DM 154m, provided little elucidation. Messerschmitt-Boelkow-Blohm (MBB), the most widely tipped mystery shareholder, has denied that it is involved.

But such a tie-up would make sense. Ships today, especially fighting ships, are often less vessels than floating platforms for the most sophisticated weapons systems, and MBB's marine technology division is already a major defence contractor — indeed it is currently working with Vulkan on a DM 1bn order for two new frigates for the West German Navy.

MBB, moreover, has said it wants a financial link with a German yard. So why not Vulkan?

The HBB speculation also illuminates another truth about the shipbuilding industry: that its importance now is strategic, not economic. In manufacturing terms, it is insignificant.

But national defence dictates that West Germany, like everyone else, must retain an independent shipbuilding capacity. And for that reason, rather than any sentimental attachment to the past, the industry will not be allowed to die.



and Voss last year to push earnings up from DM 5.8m in 1984 to DM 25.5m, its best performance since 1976. Just a few days after that announcement it was telling union representatives of plans to shed 530 of a total of 5,300 jobs, because of a slump in new business.

"New orders in the first quarter of this year are below the survival level," says Mr Werner Lenz, Economics Senator (or minister) of the state of Bremen, one of the homes of German shipbuilding, and whose prosperity has been long affected by the plight of the industry. He warns that overall turnover could fall for the first time to beneath DM 2bn for 1986.

The proportion of the remaining 40,000 jobs in the industry that are now at risk is hard to quantify. But of late seven yards have shut up shop. In

crumbs. The West German industry has no choice but to continue its painful "rationalisation," by closure and by merger, by specialisation and by chattering under the wing of bigger diversified group.

At the end of last year came a striking illustration of the merger, as Blohm und Voss and Howaldtswerke-Deutsche Werft (HDW) another of the largest remaining yards, reorganised when the former took over all of HDW's repair and machine tool operations in Hamburg, leaving the former's entire business concentrated in Kiel.

Both groups, moreover, testify how the safest berth for a shipbuilder is now in the bosom of a larger concern. HDW is 75 per cent owned by the state-run Salzgitter steel producer. Thyssen, meanwhile, holds a controlling 57 per cent of Blohm

This announcement appears as a matter of record only.

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UK COMPANY NEWS

Hill Samuel rises 27% and invests £60m in Big Bang

BY DAVID LASCELLES, BANKING CORRESPONDENT

Hill Samuel, the banking and financial services group, reported a 27 per cent rise in after-tax profits for the year ending March 31, much of it stemming from a string of recent acquisitions in the UK and US.



Mr Christopher Castleman, chief executive of Hill Samuel benefit services (£5.8m), insurance broking (£2.7m) and shipping services (£1.4m). Central costs were £.6m.

The group also announced that it is committing £60m to the "Big Bang" in order to position itself for the deregulation of the UK securities markets. After tax profits were £40.7m, up from £31.9m in the previous year. This is equivalent to a 17.6 per cent rise in earnings per share to 4.15p. The final dividend is to be 8.9p, making a total 13.2p for the year, representing a rise of 14.3 per cent.

benefits, insurance and investment advisory businesses.

The group's disclosed net worth was £179m, which was down on the previous year because a total of £70m of goodwill was written off directly against reserves in line with current accounting practices.

Mr Christopher Castleman, the group chief executive, said the process of integrating Wood Mackenzie was advancing smoothly.

Hill Samuel is investing £10m in a new gilt-edged dealership, £15m in an equities market-making operation, and £15m on the infrastructure for a new investment banking operation. These outlays are in addition to the £20m Hill Samuel paid for Wood Mackenzie.

Non-banking activities now contribute about 40 per cent of the group's profits, largely as a result of last year's acquisitions which cost £50m. Mr Castleman said the company wanted to preserve the diversity of its operations while developing an integrated investment banking operation. Expansion was continuing abroad, particularly in the US where all the group's divisions are now represented.

Hawley's bid values Pritchard at £150m

THE AGREED take-over of Pritchard Services Group by fellow cleaning and services company Hawley Group was confirmed yesterday.

The original one-for-one share offer, which valued Pritchard at about £145m, has been marginally increased to a ten-for-eleven share offer, but because of the slight fall in the Hawley share price the valuation of Pritchard has barely changed and is now about £150m.

The share offer, if it is accepted in full, will involve the issue of about 130m new Hawley shares, approximately one-third of the enlarged share capital. There also is a cash alternative of 128p per Pritchard ordinary, up from 118p.

Mr Peter Pritchard, the Pritchard chairman, resisted the bid as strongly as he was able but the poor annual figures and the ease with which Hawley picked up its 22.9 per cent stake after the first bid made continuing independence unlikely.

Hawley gearing is likely to rise from 39 per cent, to which it has recently been reduced, to nearer 50 per cent as a result of the deal. But Mr Ashcroft is confident that he can substantially improve Pritchard's trading efficiency.

The offer remains conditional on Pritchard's 1985 accounts being reported upon by the auditors without qualification. On May 6 Pritchard announced a 58c drop in profits said that it needed the approval of its bankers to any dividend payment.

Hawley's share price slipped 5p yesterday to close at 121p. Pritchard rose 6p to close at 128p.

Storehouse opens with £116m profit

Storehouse, the high street retailing chain formed out of the merger earlier this year between Habitat Mothercare and British Home Stores, yesterday reported taxable profits of £116.07m for the year to March 29, 1986—its first result as a corporate entity.

The result is a 19 per cent increase over the £97.7m calculated for 1985 on a merger accounting basis and included nearly £10m from property disposals.

The figure was, however, substantially reduced below the line by a £24.05m extraordinary charge relating to the decision to pull out of food retailing and to halt the New trading operation. The profit for the financial year is reported at £55.51m, down from £61.47m.

Sir Terence Conran, the chairman (pictured right) said as regards current trading that April had been a poor month because of the weather, but May had been good. The net result so far was ahead of last year.

Group turnover rose 6 per cent to £1,066m, producing trading profits of £111.4m against £99.4m. This represents a rise in margins of half a point to 10.5 per cent.

Sir Terence says that the trading performance of all businesses suffered during the latter half due to erratic weather conditions. Earnings per share increased by 24 per cent to 21.6p (17.4p). The final dividend is 5.7p, making a full year dividend of 14 per cent higher than last year.

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ability. When BHS embarked on a new food strategy in 1984, it set a three year trading profit objective. "It has become clear this target will not be met and therefore we have decided to withdraw from food retailing." This decision gives BHS an opportunity to create a more consistent trading formula and will release 7 per cent of space which BHS stores which are seriously short of trading areas for the profitable merchandise and restaurant divisions.

The "Now" clothing chain of 23 shops, managed by Mothercare UK, has not lived up to profit expectations. Some of the shops will be redecorated under a new name with a well-tested range of exclusive international fashion merchandise and others will be absorbed by Mothercare. Store fixtures and other equipment, including those to be replaced in an accelerated refurbishment programme of BHS and the redundant hardware and software, not part of the Group's plan for the improved economy in Europe, the Habitat results in Europe as a whole were depressed by the start-up losses in Holland. Habitat Mothercare supported the Burton Group in its bid for Debenhams last year. In return it was promised up to 20 per cent of the space in Debenhams stores for our own trading companies, the design contract for the refurbishment of Debenhams and was offered an option over 20 per cent of the Debenhams equity.

DIVISIONAL ANALYSIS table with columns for 1986 and 1985. Rows include Turnover and Trading Profit for BHS-Merchandise, Food, Restaurant, Habitat, and Mothercare.

Motherscare UK continued to prosper, says the chairman, and opened eight stores, refurbished a further 64 stores and installed its new EPOS system throughout the chain, which will be linked to the new warehouse in September. Motherscare UK is

Henderson Admin. rises to £17m

Henderson Administration Group, the international investment manager, yesterday reported taxable profits of £17.1m for the year to March 31, 1986, a 37 per cent increase over last year's £12.46m.

Mr John Henderson, the chairman, said "the level of success has exceeded all our expectations"—it was well ahead of City estimates of around £15m. He added: "We believe that our independent position in the City played no small part in this result."

Group revenue rose from £20.9m to £28.8m, and funds under management increased by 69 per cent, reaching £4.31bn at year end. The number of pension fund clients rose by 41 to 115 while the unit trust company added "a very satisfactory volume of funds, as did our private client operations."

is active in Europe. "Most importantly, funds for management from overseas sources are beginning to flow in and we are confident that this development will be of growing significance to our group."

The profit increase was further highlighted below the line by the absence of extraordinary items, which last year accounted for £2.13m. After tax at £6.9m (£5.52m), earnings per share came to 99.25p, 51.25p ahead, and the final dividend for the year is raised 7p to 19p for a 25p total (18p). A one-for-one scrip is proposed.

comment These marvellous figures leave even M & G, which reported at the interim stage last week, rather flat-footed: Henderson's second-half profits growth was of the order of 30 per cent against 37 per cent at M & G. With the proliferation

of unit trusts in a raging bull market, Henderson was obliged to give up fractional market share but the cake has grown out of recognition; and Henderson has been very successful in attracting new pension fund business. It is not yet clear the extent to which Henderson is becoming more attractive to institutions as an independent manager of funds free of the distractions of corporate finance or market-making; but Henderson is entering the new era in the rudest health and with the cash to expand its international fund management. Provided world stock markets stay still rather than fall to bits, the growth in funds, even at institutional commission rates, should deliver earnings growth of at least 20 per cent this year. A share price that rises £2 within an account is never going to be cheap; but even at 17 1/2 p, it stands on a prospective price/earnings multiple of under 15.

BM on offensive

BM Group, the construction industry supplier which has made a £10m takeover bid for Benford Concrete Machinery, yesterday renewed its attack on Benford's recent record.

It said Benford's pre-tax profits had fallen 57.6 per cent over the past five years while earnings per share had dropped 55.7 per cent. Dividends had been unchanged and not covered by profits for the past two years.

Stake in CGA raised

Interallian Securities, a company controlled by Mr Anthony Gumbiner, US lawyer living in Monte Carlo, has increased its holding in the Country Gentlemen's Association from 7.8 to 8.09 per cent.

Place has title to 46.66 per cent of the Association. Both holders have higher total acceptance figures but are required by a recent change in the Takeover Code to disclose to the net level of acceptance to which they have legal title.

Mr Earle said: "There is a backlog of documentation and until the Stock Exchange disposes the information it is difficult to know who is where, and the 'thing' is in such a state of flux."

Worcester plans USM float

Worcester, a holding company with a main product in boilers for central heating systems, yesterday published the prospectus for a flotation on the Unlisted Securities Market.

Stockbrokers Savory Mills are placing 900,000 shares — 20 per cent of the capital — at 110p a share, giving the company a market capitalisation of £5m. Pre-tax profits have risen from £326,000 in 1981 to

£603,000 in the year to last December on turnover up from £5.2m to £18.2m. The prospectus cites an historic price/earnings ratio of 9.55 but this is a notional figure based on the interest savings the placing will produce. The actual figure is 10.67. Of the shares being placed, 350,000 will come from existing shareholders and the rest from Worcester, to produce £475,000 net for the company. The proceeds will be used to increase working capital.

GEEST HOLDINGS 1985 advertisement with logo, title, and summary of results for 1985 and 1984.

APV holders snub Siebe

Siebe, the safety products and engineering group, which is making a £190m takeover bid for APV Holdings, the process engineer, won acceptance from the holders of just 0.8 per cent of APV's shares by Wednesday's first closing date.

Siebe has extended its offer of 23 redeemable convertible preference shares for every four APV shares to June 15. Siebe's share price fell 5p to 885p yesterday to value its offer at about 622p per share, according to a valuation of the preference shares made by Kleinwort Benson, Siebe's merchant bank. APV rose 6p to 618p.

Together with shares already owned by Siebe and by Kleinwort, Siebe specifies for a total of 4.95m shares of 18.6 per cent of the APV equity.

Sir Ronald McIntosh, APV chairman, described the level of acceptance as "derisory" and called on Siebe to explain how it had dealt with previous acquisitions in its accounts for the year ended April 1986.

He also asked for information on the level of Siebe's research spending, its gearing level when

lesses and hire purchase commitments, were taken into account, and the extent to which property and other assets had been included in pre-tax profits.

Kone/Biddle Kone, the Finnish lift manufacturer which has made a £6.4m agreed bid for Biddle Holdings, the British lifts and heating group, yesterday urged Biddle shareholders to treat a proposed rival bid from Myson Group "with utmost caution."

Myson will not decide on the terms of its offer until it has assessed information supplied by Biddle and this could take a long time, Kone said. While Myson had indicated it would make an offer worth more than 160p this would not necessarily be in cash and a cash alternative could be worth less than 160p, Kone warned. The Kone offer is worth 160p cash.

Myson shareholders may themselves refuse to approve the proposed bid, Kone, which is advised by Hambros Bank, added.

NOTICE TO LOMBARD DEPOSITORS advertisement with interest rate table for various deposit terms.

BARTLETT'S DE REYA SOLICITORS advertisement with contact information for new offices.

EXECUTEX CLOTHES PLC advertisement with financial results and restructuring news.

Granville & Co. Limited advertisement with a detailed stock price table.

GEEST advertisement with contact information and slogan 'GEEST. FIRST IN THE FIELD'.

## UK COMPANY NEWS

Lionel Barber and David Goodhart on the renewed controversy over vendor placings

# Pre-emption rights v. bought deals

MR ALEC MONK must occasionally ask himself what he has to do to please the City of London. Despite the explosive growth in pre-tax profits and earnings per share of his food retailing group, the Dee Corporation, he finds himself yet again at the centre of a burning row on Dee's methods of raising finance to fund acquisitions.

On Wednesday, after a stream of leaked information, Dee announced an agreed £880m deal to buy the Fine Fare and Shoppers Paradise supermarket chains. The purchase is to be partially financed by raising £350m of equity via the UK's largest ever vendor placing—whereby some shares are sold to outside shareholders rather than existing ones.

The dispute over the terms of Dee's share issue has riveted old passions over the pros and cons of vendor placings, albeit with a new twist. Many see this week's very public row as an organised pre-emptive strike by major institutions worried by the impending changes in the City, popularly known as Big Bang.

Large placings require close co-operation between bankers arranging the details and brokers' salesmen distributing the shares. This should be tailor-made for the emerging financial conglomerates who can parcel out the shares to a select band of clients and cut

existing shareholders out of the action.

Fears about future cosy in-house deals prompted two big institutions—Prudential Assurance, and M & G Investment Management—to force a revision of the terms of the Dee placing. After three tense hours, Rowe & Pitman, the brokers placing the deal, agreed to give existing shareholders the right to apply for 75 per cent (rather than an originally proposed 25 per cent) of the newly issued Dee shares.

As one senior fund manager, who pushed successfully for a revision of the terms, said yesterday: "This was not a small victory. It was a bloody huge victory and we intend to get this message across in the next few days."

But there are clear signs too of differing opinions within the institutions. Mercury Warburg Investment Management (WIM) for example, stress flexibility. "We don't have a blanket policy but if the deal is right then let it (a vendor placing) be done."

The Stock Exchange, recognising the sensitivity of the vendor placing issue, is sending out City opinion. In February a discussion paper, 'Flotations and Pre-emption,' was released which seemed to favour some relaxation of the existing rules. At present companies can ask their annual general meet-



Mr John McLachlan of the National Association of Pension Funds

ing to allow them to raise equity amounting to only 5 per cent of their issued share capital without further shareholder approval.

The argument turns on the question of so-called 'pre-emption rights' which ensure that all existing shareholders can, with certain limited exceptions, subscribe for new shares in proportion to their existing share of a company's capital.

In a conventional British rights issue, existing sharehold-

ers are protected against dilution of their shareholding through the device known as the transferable allotment letter. This ensures that they can participate pro rata in any favourable price movements arising from the capital raising exercise.

Opponents of large vendor placings—which include many major pension funds, insurance companies and investment trusts—set their case on the grounds of equal treatment for all shareholders enshrined in the Companies Act.

As Mr John McLachlan, chairman of the National Association of Pension Funds, investment committee, puts it: "Pre-emption rights are very dear to institutional investors' hearts and I think it is something we would not forgo lightly."

The American system of "bought deals," by which the whole of a company's new share issue goes to the securities house which offers the best price, remains anathema to many. Mr George Dennis of the Post-Office pension fund says: "Some of the big barons here want to see pre-emption rights destroyed but that is the American way and not everything they do is efficient or right."

He also stresses that at a time when the Government is trying to make equity investment more attractive to the small saver it would be an "anti-democratic and anti-small investor" step.

But is it not the very "big boys" represented by the NAFP who stand to benefit from the cosy discounted deals to select institutions? And if so why are they making such a fuss?

Altruism and principle aside, there seems to be two reasons. First, most big institutions have indifferent relationships with at least some brokers so run the risk of being excluded from some juicy deals. Also, with

the growth of "bought-deal" all but the in-house institutions of the particular financial conglomerate would also be excluded.

The second reason is the vendor placing mechanism itself. One fund manager said that he usually gets a call at 9.30 am asking how much of an issue he wants with an answer required in half-an-hour. "At least with a normal underwriting you get until about 3.30 pm," he said.

Those in favour of softening pre-emption rights emphasise that the stock exchange exists for companies as well as investors and that a rigid application of the rules on vendor placings will simply drive more companies into other markets such as Eurobonds.

The relative speed, efficiency and cheapness of vendor placings to new shareholders benefits all shareholders and, in the view of supporters, more than compensates (in most cases) for the dilution suffered by existing shareholders.

Moreover, in the Dee case, some argue that the 75 per cent "claw-back" for existing shareholders looks distinctly one-sided. "In effect, the shareholder has a 'put and call' (an exercisable future option on shares) on us," said Mercury WIM yesterday.

Others suggest—somewhat brutally—that in a fast-moving, high-risk market the preoccupation with the small shareholder can be misplaced.

In the final verdict, Mr Monk, Dee's chairman, may reflect on the many ironies which have come to light in a week. Lazard has deliberately steered clear of the race to financial conglomerates and could therefore hardly be accused of pursuing a cosy, in-house deal by stealth. Furthermore, the Prudential is one of Dee's major existing shareholders and while it opposed the original terms of the vendor placing it is a firm supporter of the Fine Fare deal.

### Holden Hydroman advances to £522,000

Increased pre-tax profits, up from £204,000 to £522,000, are reported by Holden Hydroman, manufacturer of reinforced polyurethane components, for the year to March 31 1986.

Mr W. J. Holden, the chairman, says the return to budgeted levels of profitability, coupled with the continued introduction of new and improved equipment, reinforces his belief that this USM company is back onto a desired course.

He says the year has shown the successful development of new products being translated into sales. There are also large orders due to commence production in the second half.

Group turnover for the year improved from £33.66m to £53.22m. Tax was up from £110,000 to £224,000. The final dividend is unchanged at 3.5p for a same-gain total of 3.25p. Stated earnings per 10p share rose from 5.09p to 7.68p.

### Century Oils continues recovery to record £5m

A CONTINUING recovery in the wake of the miners' strike is announced by Century Oils Group, manufacturer of lubricants and allied products. On turnover up 10 per cent from £71.3m to £78.3m, pre-tax profits for the year, ending March 31 1986 jumped to a record £5.14m against a previous £1.2m.

The dividend total is raised to 5p (2.5p) with a 1p increase in the final 3.5p proposed. Earnings per 10p share are shown significantly up at 15.85p against 4.06p.

Mr Charles Mitchell, the chairman, says the real strike seriously affected the company's mining market sector. But the recovery here, together with the benefits from the cost reductions made during the previous year, and a satisfactory underlying performance in trading, are reflected in the results.

Tighter financial disciplines have produced a reduction in

borrowings for the third consecutive year. The total net borrowings of shareholders' funds during a year of record capital expenditure.

The chairman states that the company is continuing to build on the successful foundations laid last year, and trading results for the early part of the current year indicate that progress is being maintained.

The group achieved an increased operating profit of £8.78m (£7.79m) after raw materials and operating costs rose from £75.54m (£84.35m). Other income added £151,000 (£174,000), and the pre-tax result was after interest and similar charges little changed at £1.77m (£1.78m).

Tax jumped to £1.23m (£210,000) on after minority interest of £1,950 (£27,000), attributable profit was £3.39m (£352,000).

Dividends above £1.23m (£863,000).

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-division shown below are based mainly on last year's timetable.

TODAY  
Interim: Cifer, Leisuretime International.  
Final: Berton Group, Continuous Stationery, G. T. Global Recovery Investment Trust.


Company	Date
Interim: Flavell's Castors and Wheels	June 16
Hardanger Properties	June 16
Lovell (T. J.)	June 16
Rennell	Aug 18
Williamson's Tea	June 11
Final: Baker Perkins	June 19
British Steam Specialties	June 17
Millward Brown	June 17
Oxford Instruments	June 17
Racal Electronics	June 22
Geopet Photographic	June 8
Shires Investments	June 10
Slazens Food Products	June 12
Western Motor	June 23
Wintersons and Nigel	June 30

### Celltech rights

Celltech, bio-science research company, is raising a net £5m with a one-for-10 rights issue. Most of the proceeds will be used to fit out a purpose-built unit in Slough, where all the company's activities, apart from production, will be housed.

The issue has not been underwritten as certain shareholders have indicated their willingness to subscribe for any rights not taken up.

This announcement appears as a matter of record only.



## METAL BOX p.l.c.

**£100,000,000**

### Commercial Paper Programme available in Dollars and Sterling

DEALERS

Citicorp Investment Bank Limited  
Swiss Bank Corporation International Limited  
S.G. Warburg & Co. Ltd

ISSUING AND PAYING AGENT  
Citibank, N.A.

June, 1986

### A B.A.T INDUSTRIES REPORT

An abridged version of comments made by Patrick Sheehy, Chairman of B.A.T Industries, at the Annual General Meeting on Thursday 29 May 1986

# Barriers to trade and investment in Europe must be removed

The European Community plays an important part in the business strategy of this company. Group profits earned within Europe, including the UK, have risen to £390m in the last 10 years. There are strong opportunities for business expansion and profit in Europe but we could do even better if the trading environment was less restrictive.

It is vital, in the interests of everybody who lives and earns his living in this part of the world, that we tear down the antiquated barriers to trade and investment inside the European Community and establish the single internal market which was always part of the long-term goal.

One internal market in Europe will mean that we can sell our goods and services as easily to France or Portugal as we can to Manchester or Edinburgh. It will remove delays at frontier posts and reduce the £7 billion of unnecessary administrative costs incurred by European businesses each year.

One market in Europe means that businesses can grow to a sufficient size to compete with international competitors, and it will unleash the tremendous skills, innovation and capital that can make our businesses world leaders.

In financial services, an area of particular interest to this Group, there are signs that some

of the barriers preventing trade between member states will be reduced. Later this year the European Court will make its judgement about restrictions on insurance. This could lead the way to a much freer market, with opportunities for new business and new jobs.

Throughout Europe there is a greater awareness of the need for competitive and profitable business and the kind of environment which will encourage that. Lord Cockfield, Vice-President of the European Commission, has produced a timetable for the completion of the internal market. Prime Ministers of Europe have agreed amendments to the Treaty of Rome which commit them to complete the internal market by 1992 and improve decision making.

Of course, a major endeavour such as this is bound to encounter difficulties, but the stakes are so high that we must find a way round them. At the moment the will is there, but it needs to be translated into action.

If Europe is to face up to her competitive challenges and successfully tackle the blight of unemployment then Governments, businesses and citizens must learn to co-operate and work together for the future. For it is only by real and practical co-operation that Europe can remain a major economic and political force in the world today.

At the request of H.M. Government

## British Shipbuilders

has disposed of its warshipbuilding subsidiaries:

- Brooke Marine Limited
- Hall Russell Limited
- Swan Hunter Shipbuilders Limited
- Vickers Shipbuilding and Engineering Limited and Cammell Laird Shipbuilders Limited
- Vosper Thornycroft (UK) Limited
- Yarrow Shipbuilders Limited.

Lazard Brothers & Co., Limited  
advised British Shipbuilders in each of the above transactions

May 1986



# B.A.T INDUSTRIES

Copies of the full speech are available from: The Company Secretary, B.A.T Industries p.l.c., Windsor House, 50 Victoria Street, LONDON SW1H 0NL

Notice of Redemption

MOTOROLA, INC.

12 1/4% Notes due December 15, 1994

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated December 15, 1984 between Motorola, Inc. (the "Company") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") and pursuant to Section 6(a) of the above-captioned notes (the "Notes"), the Company has elected to redeem \$45,000,000 principal amount of Notes on July 1, 1986 (the "Redemption Date"). The redemption price shall be 101% of the principal amount of such Notes together with accrued interest (the "Redemption Price") to the Redemption Date. Warrants to purchase a like amount of 12% Notes of Motorola, Inc. due December 15, 1994 have been exercised.

On and after the Redemption Date, the Redemption Price will be paid up front presentation and surrender of the Notes to be redeemed, together with the December 15, 1986 coupon and subsequent coupons attached.

Accrued interest to the Redemption Date will be paid in the amount of \$333.47 per Note. On and after the Redemption Date interest shall cease to accrue unless the Company shall default in the payment of the Redemption Price.

The numbers of the Notes to be redeemed, bearing the prefix R, are set forth below:

Table listing 1000 individual note numbers to be redeemed, starting from 1 and ending at 1000.

(Continued on the following page)

UK COMPANY NEWS

LCP 22% ahead despite a standstill in the US

DESPITE A static year by its Whittlock interests in the US, LCP Holdings saw its 1985-86 pre-tax profits improve by 22 per cent following better returns from investment property in the UK and a sharp reduction in interest charges.

4000.000 from the loss making Motormart chain. Nonetheless LCP is still committed to US investment and envisages an active store opening programme, and possibly some acquisitions.

Return to profits by Rolfe & Nolan

AFTER FALLING into the red in the first half Rolfe & Nolan Computer Services returned to profits in the second half. On turnover for the year to the end of February 1986 up by 12 per cent to £2.91m (£2.59m) trading profit came out at £568,000, a fall of 8 per cent on the previous year's £619,000.

Successful float for Bredero

AFTER THE unsuccessful new issues of Mrs Fields and Blick International, Bredero Properties has bucked the trend by staging a heavily oversubscribed floatation on the stock market.

of allocation within the next few days. Bredero is a property developer which had formerly traded as the UK subsidiary of the Dutch multinational, VBB.

Bredero's largest development to date is the Ashley Centre in Ipswich, but it is now in the throes of developing the Bon Accord shopping centre in Aberdeen and the West Centre in Hammersmith.

ANNUAL MEETINGS

Extracts from recent annual meetings: Hantleight Technology: Mr Rolf Sebld, chairman, announced two products developments: an intelligent printer which he said would have an impact on a wide range of medical and scientific products, and a health care product which allowed mothers-to-be to monitor their unborn babies at home, the information being relayed to the hospital by the telephone.

per cent lab having opened only six weeks ago. Bowthorpe Holdings: Mr Ray Parsons, executive chairman, said for the first five months of this year the order intake, sales and trading profit were higher overall in both the UK and overseas than those for the comparable period of 1985.

WHAT'S UP AT HUNTER SAPHIR? EVERYTHING THAT MATTERS. Turnover at £73,649,000 - up 14%. Pre-tax profit at £2,143,000 - up 84%. Earnings per share at 7.66p - up 56%. Total dividend at 2.5p - up 43%.

Table with columns: Company Name, Current payment, Date of payment, etc. Includes entries for Allfund, Century Oils, Heavitree Brewery Int., etc.

JOIN SAINT-GOBAIN. ISSUE OF INVESTMENT CERTIFICATES. NATURE OF THE ISSUE. NUMBER OF SHARES ISSUED: 8,000,000 certificates representing 18.20% of the new total capital.

(Continued from the preceding page)

Large table of financial data with multiple columns containing numbers, likely share prices or financial ratios for various companies.

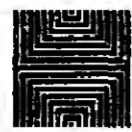
Notes are required to be presented and surrendered for redemption at any of the following paying agencies: The Chase Manhattan Bank, N.A. London Branch, Woolgate House, Coleman Street, London EC2P 2HD, England.

Coupons which have matured prior to the Redemption Date should be detached, presented and surrendered for payment in the usual manner. MOTOROLA, INC. By The Chase Manhattan Bank (National Association) May 29, 1986

UK Provident Notice of Meeting. Notice is hereby given that the 145th Annual General Meeting of United Kingdom Temperance and General Provident Institution will be held at City Hall, Fishpond Street, Salisbury, Wiltshire, on Monday, 30th June 1986, at 2.00 p.m.

JOIN SAINT-GOBAIN. DISTRIBUITION OF THE ISSUE: Employees of the French companies within the St-Gobain Group 10%, Public 40%, Institutional and other investors (S.I.C.A.V., Pension funds, etc.) 30%, Non-residents 20%.

## UK COMPANY NEWS



## Henderson Administration Group plc

RESULTS FOR THE YEAR TO 31st MARCH 1986

		1986	1985	
Profit before tax	£000	17,165	12,485	Up 37%
Earnings per ordinary share*	pence	99.25	67.33	Up 47%
Dividends per ordinary share	pence	25.00	16.00	Up 56%
Net assets	£000	25,858	18,177	Up 42%
Funds under management	£million	4,308	2,548	Up 69%

\*Earnings per ordinary share are shown before transfer to initial charges equalisation reserve.

"We believe that the interest of the investment client is best served from a position of genuine independence."

J R Henderson, Chairman

Copies of the Annual Report may be obtained from the Company Secretary, Henderson Administration Group plc, 26 Finsbury Square, London EC2A 1DA.

The above figures are extracted from the accounts of the Group on which the auditors have given an unqualified opinion and the accounts will be filed with the Registrar of Companies.

### Henderson. The Investment Managers.

## IBL shares fall sharply as profits drop to £6m

BY RICHARD TOMKINS

IBL, the computer leasing group, yesterday produced its much-delayed figures for the year to last December showing a downturn in pre-tax profits from £7.5m to £6m.

Its shares, suspended at 123p on Tuesday when an announcement of the results was postponed, re-entered the list at 83p and closed 55p down at 68p. The company was floated a year ago at 140p.

IBL blamed the downturn on a major setback in France. It said it had expected a material profit contribution from the French subsidiary but local management had taken on unprofitable business which had lost the company an estimated £3.5m.

The head of the French operation, M Jean Pierre Lacaz, had now been replaced by M Patrice Courbey, who joined IBL in February, and the company was confident of a substantially improved performance from its French subsidiary this year.

Group turnover rose from £153.2m to £243.2m. The tax charge was down from £1.5m to £994,000, leaving after-tax profits of £5m (£5.7m) and earnings per share of 7.51p (9.48p). The directors are recommending

ing a final dividend of 0.8p, making 1.3p for the year.

Mr Philip Coussens, IBL's chairman, said that if it had not been for the "unfortunate and disastrous" events in France, he would have been happy with the way the business was going. "It was a one-off situation which I am absolutely sure has been solved," he said. "All the other countries were well up to expectations and Germany, the UK and Holland did exceptionally well."

Expectations in the US were not wholly fulfilled because some substantial transactions were not completed before the year-end and had to be carried over into 1986.

Consequently, the US trading result fell short of break-even. However, US turnover rose from £12.5m to £21.4m and IBL said the foundations had been laid for profitable growth with the establishment of an important customer base.

Mr Coussens confirmed yesterday that IBL's finance director, Mr David Macmillan, had resigned on May 11 and said candidates for a replacement were being interviewed.

"The results were originally due out on April 30 and I was extremely unhappy about the delays, which in my opinion

should not have occurred. The finance director and the company decided that they should part and that is all I want to say on the situation."

With the restructuring of local management in France and the proposed appointment of a new finance director, it looked forward with confidence to the resumption of growth in profits.

See Lex

WILLLAIRE SYSTEMS, manufacturer of environmental control equipment, swung back into the black in the year to December 31 1985 with pre-tax profits of £32,000, against a loss of £58,000 in the comparable nine months. Turnover of this USM company rose from £1.81m to £2.6m. There was an extraordinary debit of £49,000 (£91,000), leaving retained profits of £2,000 (£1,000 loss). Stated earnings per 10p share were 0.22p (0.38p loss). Directors say substantial improvement has been achieved following strenuous efforts to market the group's products and services effectively. Continuing progress is expected in the current year.

## McLeod Russel falls to £6.3m

THE LOWER average selling price of tea has affected pre-tax profits at McLeod Russel, a holding company with interests in plantations and the manufacturing industry. In the six months to March 31 1986,

Group profits fell from £9.81m to £6.34m, with Indian plantation interests suffering a fall of some £2.8m compared with the

record results of the same period last year.

Mr John Guthrie, the chairman, says the continued strength of sterling against currencies of those countries in which the group operates also reduced profits when translated into sterling by approximately £286,000 in the period.

He says that over the last few months tea prices have been

showing signs of improvement, and the London Auction average has moved from 118.24p per kg on October 7 1985 to 135.85p per kg on March 24 1986.

Although the overall effect of commodity prices will reduce profits on last year's figures, he believes that the group is firmly based and expects a satisfactory result, albeit at a lower level, than last year.

In the meantime, the interim dividend is raised from 3p to 3.5p and last year's total was 7.5p. Pre-tax profits of £14.2m. Stated earnings per 10p share fell from 47.89p to 31.96p basic, and from 36.22p to 25.5p fully diluted.

In contrast to the downturn in profits from India, results from Kenya were satisfactory as the lower profits from tea were more than offset by increased profits from its coffee estates.

In the UK, Joseph Mason experienced a slow start to the year, but results in April exceeded budget and Mr Guthrie expects the improved trend will continue in the second half. DKS had a good start to the year and should report increased profits for the year.

Group turnover for the opening six months was static at £12.47m, and operating profits were little changed at £2.63m (£2.65m). Share of profits of related companies fell from £6.98m to £5.71m.

HEAVITREE BREWERY has lifted pre-tax profits from £284,000 to £382,000 in the six months to April 30 1986. The interim dividend is raised to 2p (1.65p) to reduce disparity. Turnover improved from £2.06m to £2.26m, and after tax of £156,000 (£133,000), earnings per share are shown down from 17.4p to 13p.

## Sedgwick in first quarter expansion

CONTINUED expansion at Sedgwick Group, international insurance and reinsurance broker, has taken place during the first quarter of 1986.

This is the first time the group has reported first quarter figures, and pre-tax profits show a 13 per cent rise to £52.3m (£46.4m) with revenue ahead by 10 per cent from £152.9m to £168.3m.

Over half of the group's revenue is received in dollars and revenue in dollar terms is shown as \$249.1m, generating pre-tax profits of \$77.3m.

Mr C. M. Mosselemans, the chairman, says that during the first quarter the company continued to derive substantial benefits from last year's merger with Fred S. James, but he adds, the effects of rate hardening continue to be uneven and this, combined with capacity shortages and adverse exchange rate movements, has affected the overall results.

The varying nature of the company's business means that the group's earnings do not accrue on an even basis throughout the year. For this quarter, after tax of £19.2m

(£17m) and minorities of £0.1m (nil), earnings emerged £2.6m higher at £33m, or up from 8.1p to 9p per 10p share.

### comment

First quarter profits up by only 13 per cent indicate that the extra revenue generated by the Fred S. James merger was counteracted by sterling's appreciation (\$1.44 as against an average of \$1.13 in the same quarter last year). Around 50-55 per cent of Sedgwick's income comes from overseas but the exchange rate factor should diminish as the year wears on—last year's average dollar/pound rate was \$1.50. However Fred S. James, acquired only last August, should continue to boost earnings as insurance rates firm in the US. That means that earlier forecasts of full year profits of £150m look realistic and with a tax charge of 31 per cent, the group is on a prospective profit of £13. Sedgwick shares, which have not yet recovered from a 25p one-day plunge in April on rumours of boardroom dissension, closed up 8p at 850p.

## Densitron for London SE

BY ALICE RAWSTHORN

THE electronics components supplier, Densitron International, is joining the stock market through a placing of shares which will capitalise the company at £8.4m.

Densitron supplies technically advanced components sourced in Japan to the electronics industry in Asia, Europe and the US.

By concentrating its activities in the industrial, rather than the personal computer sector, Densitron succeeded in steering clear of the recession that hit the electronics components industry last year.

In its last financial year, to December 31, Densitron produced pre-tax profits of £967,000 on turnover of £13.8m, an increase of 52 per cent and 83 per cent respectively on the previous financial year.

The placing will produce capital of £2.86m, the bulk of

which will be ploughed back into Densitron to reduce borrowings. Once borrowings have been whittled away to a more manageable level, the company will be in a position to expand, again, possibly through acquisition, and according to the chairman, Mr Cliff Harcourt, is considering the purchase of a distributorship in Japan.

"Our borrowings have been built up for trading reasons," he said. "When gearing is high, the company tends to concentrate on that rather than on a position to concentrate on growth again."

Densitron will issue 5m shares or 30.8 per cent of its enlarged share capital through the placing at a price of 58p per share. The issue has been sponsored by the stockbrokers, Fiske, Dealings will commence on June 12.

# HILL SAMUEL GROUP

YEAR ENDED 31st MARCH, 1986

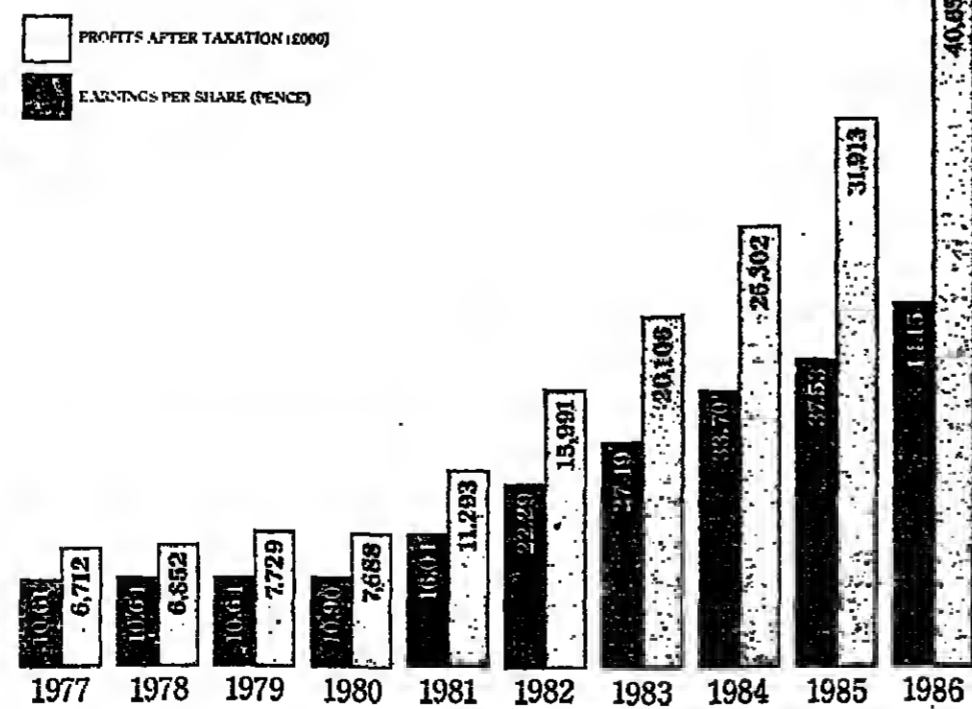
Profits after taxation rose by over 25 per cent, for the sixth year in succession.

- ♦ MERCHANT BANKING
- ♦ INVESTMENT MANAGEMENT SERVICES
- ♦ EMPLOYEE BENEFIT SERVICES
- ♦ INSURANCE BROKING
- ♦ SHIPPING SERVICES

In anticipation of the changes in the UK securities market which will follow "Big Bang", we have committed some £60 million to the creation of an integrated investment banking operation.

The expansion of our non-banking divisions has accelerated with over £50 million of acquisitions, thereby maintaining the balance and diversity of the Group which we believe to be an essential part of our strategy.

Through two major acquisitions, we have established a profitable base in the United States.



A copy of our Annual Report for the year ended 31st March, 1986 can be obtained from The Secretary, Hill Samuel Group Plc, 100 Wood Street, London EC2P 2AJ, on or after 16th June, 1986

U.S. \$150,000,000



## Bank of Ireland

(Established in Ireland by Charter in 1783, and having limited liability)

### Undated Floating Rate Primary Capital Notes

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from June 5, 1986 to September 5, 1986 the Notes will carry an interest rate of 7.74% p.a. The interest payable on the relevant interest payment date, September 5, 1986 will be £190.07 per \$10,000 principal amount and will be paid only through Codel S.A. and the Euro-clear Operator.

By: The Chase Manhattan Bank, N.A., London, Agent Bank.

June 6, 1986

This advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange. It does not constitute or contain an offer or invitation to any person to subscribe for or purchase any securities of Exxon Corporation.

## EXXON CORPORATION

(Incorporated with limited liability in the State of New Jersey, U.S.A.)

Exxon Corporation ("Exxon") and its subsidiary and associated companies operate in the United States of America and in over 80 other countries. Their principal business is energy, involving exploration for and production of crude oil and natural gas, manufacturing of petroleum products and transportation and sale of crude oil, natural gas and petroleum products.

Application has been made to the Council of The Stock Exchange for the shares of capital stock, without par value, of Exxon to be admitted to the Official List. It is expected that the issued shares of capital stock, without par value, of Exxon will be admitted to the Official List with effect from 9th June, 1986 and that dealings in such shares of capital stock will commence on 10th June, 1986.

### SHARES OF CAPITAL STOCK, WITHOUT PAR VALUE (As at 31st May, 1986)

	million
Authorised	1,000
Outstanding (excluding shares held in treasury)	723
Held in treasury	183
Total issued	906

Particulars relating to Exxon are available in the statistical service of Extel Statistical Services Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and public holidays excepted) up to and including 10th June, 1986 from the Company Announcements Office, The Stock Exchange, Throgmorton Street, London EC2 and up to and including 20th June, 1986 from:

Kleinwort Benson Limited  
20 Fenchurch Street  
London EC3P 3DB

Morgan Grenfell & Co. Limited  
23 Great Winchester Street  
London EC2P 2AX

Kleinwort Grieveson and Co.  
20 Fenchurch Street  
London EC3P 3DB

Morgan Grenfell Securities Limited  
23 Great Winchester Street  
London EC2P 2AX

6th June, 1986

Friday June 6 1986

## Industrial Standards

The British Standards Institution has become a focal point for developing international levels of quality to promote trade  
**Lead set for the world**

THE PART that national manufacturing standards play in the industrial and commercial life of Britain is, like so many of the other engines which keep it going as a trading nation, somewhat under-published and considerably unrecognised. Even among those who are aware, standards are perhaps rather taken for granted.

In a sense, the quiet assumption that British standards of manufacture are good is a tribute to the solid and often pioneering work of the British Standards Institution, the first of its kind in the world. This year it celebrates the 60th anniversary of its celebrated Kitemark, which is the veritable and internationally acknowledged symbol of assured quality.

But when the BSI began in 1901, as the Engineering Standards Committee, Britain's dominance of world trade, even if more apparent than real, meant the acceptability of its standards was unchallenged. Self-congratulation may be tempered though by the sobering fact, brought out by Corelli Barnett in his recent study, *The Audit of War* (Macmillan, £14.95), that in such a key area as steel sections, for example, Germany, Belgium, France and the US all standardised well before Britain.

In these unforgivably competitive times, however, it is not enough for British products to be good value in terms of price. They must also, at the very least, match those of other nations in level of performance, degree of reliability and excellence of design.

These are factors, says Sir Terence Beckett, director-general of the CBI, on which purchasing decisions are made so often that Britain simply must not fall behind the competition. Moreover, emphasis on quality can benefit prices, by reducing the costs of getting things right first time. And quality of management is as crucial as quality of product. In

all this, Sir Terence notes, the BSI plays a major role.

That theme is taken up by Lord Emswiler, BSI's president. "Internationally-recognised standards and quality systems underpin the ability of industry to trade with success," he wrote in the institution's last annual report. A year earlier, when he took office, he noted the BSI's "progressive international outlook" and saw it as poised for major advances not only in setting standards but in its other key activities, providing quality assurance and information.

Internationalism, indeed, is now central to the institution's work. Its former director-general, Mr Derek Spiekermann, is vice-president of the Geneva-based International Organisation for Standardisation.

Dr Ivan Dunstan, who has just succeeded Mr Spiekermann, has since 1983 been at the head of a standards programme which achieved record output, with nearly 10,000 published British standards, affecting more than half of the country's GNP. And there are 9,000 projects in the pipeline of which more than 70 per cent are for international use. The BSI has thus enabled Britain to lead the world in signing national standards with international ones.

This global purview of the institution was underwritten in a document of seminal significance in the BSI's history, its 1982 memorandum of understanding with the government.

That, together with a White Paper entitled *Standards, Quality and International Competitiveness* (Cmd 8521), commits the Government to greater use of standards as a basis for legislation and in public purchasing. In parallel, it commits the BSI to respond swiftly to national priorities for standards.

A cardinal facet of those priorities—and the memorandum emphasises it—is the need for international harmonisation of standards. The memorandum underlines, also, the BSI's role in securing agreements, especially in Europe and as part of the EEC's endeavour to break down technical barriers to trade.

"Our main future aim is to continue to work towards the objectives outlined in the memorandum," Dr Dunstan stated. That understanding set the agenda, as it were, for relating standardisation and quality assurance to trade.

What is a standard? A British Standard, says the BSI's official history, *The Story of Standards*, "is a precise and authoritative statement of the criteria neces-

sary to ensure that a material, product or procedure is fit for the purpose for which it is intended. This clearly involves the institution, recognised by Royal Charter as the independent and impartial national body both for developing and promoting standards, in a huge range of subject areas, disciplines, products and projects.

There are British standards for aluminium ladders and moulded plastic dumbbells, for footwear and fuses, for babies' dummies and positive pressure-powered dust respirators, for jockeys' skull caps and sewage pipes, for condoms and cast iron and carbon steel butterfly valves.

Opportunities for standardisation exist in all areas of an organisation, from design to manufacture to accounting. Indeed, BS 5750 is a standard not merely for a product or for a service or even for an aspect of production, but for the quality of an entire management system. It promises to become, perhaps later this year, the international benchmark for the way an efficient company or industry is run.

The technical documents which deal with the multiplicity and variety of artefacts in use today can range from a few pages to hundreds. In the building and construction industry alone, 1,500 British standards cover a range from major codes of practice down to specifications for stairs and roofs and nuts and bolts.

Once, standards were simply product specifications. Today, they include basic data, glossaries, schedules, conversion tables, test methods and codes of practice.

But, having set the limits and tolerances which must be adhered to, the standards must not act as a brake on development and innovation, there must be a balance between uniformity of good practice and provision for advancing technology. To allow this, revisions are made regularly and each standard's validity is fully



Ivan Dunstan, British Standards Institution director-general

reviewed every five years. The existence of BS 5750, and such other important standards as the BS 9000 scheme for high-quality electronic components, plainly implies that there is rather more to the work of the British Standards Institution than standards themselves. And, indeed, the BSI does also

provide services to industry in quality assurance, testing, inspection, certification, information and advice to exporters.

BS 5750 is the basis of the institution's registered company schemes, which are rapidly growing in number, and is now a requirement in all its product certification schemes. These use both the long-established Kitemark and the new Safety Mark. More than 2,000 companies have been assessed and the BSI is developing a service to enable small companies to join them.

Ultimately, of course, it is the product that matters. In some circumstances it is the kitemarking of the actual product which alone will meet the market need. But, says Mr John Charter, deputy director of BSI's quality assurance division, there is a mounting awareness of the benefits of applied quality assurance.

Purchasers are coming increasingly to expect suppliers to have quality management systems. Third party certification bodies such as BSI's quality assurance service can meet this demand by independently appraising suppliers' capacity to come up to standard.

Standards in all their aspects can help companies save money, improve communications—because BS 5750 requires quality manuals which specify individual involvement from top management to shop floor—and protect consumers, by satisf-

ying health and safety regulations, for instance.

By helping to improve management control, they can improve industrial relations. They can reduce overheads and labour costs, pare away uneconomical ranges and by ensuring the same ground need not be covered twice, reduce wasteful error.

Being plugged into the BSI network helps keep a company up to date, facilitates compliance with statutory requirements and, because it enables goods and services to be more reliable and safe, raises their reputation with customers.

Standards have now proved their worth time and again. They enable components to be compatible—in the early days, they reduced the number of railway rail sizes from 75 to five. They can be used as a basis in a contract. They can underpin legislation and regulations, and have notably done so in establishing safety standards for crash helmets and seat belts.

Finally, Dr Dunstan points out, they greatly assist research and development. In fast-moving areas such as computer-integrated manufacturing, the complexity of the technology requires standards to be written at an early stage so that machines can "talk" to each other and so that a factory's operations are integrated. General Motors in the US found that thousands of its

Performance testing in one of the British Standards Institution's centres

computers were "isolated" and that a third of its costs in putting in new machinery were to make it compatible. Standardisation overcame that.

Dr Dunstan believes the BSI's value to British industry must run into hundreds of millions of pounds annually. Just as the institution's work, like other indispensable buttresses of the economy, is to a great extent unseen and under-appreciated, so its value is incalculable.

Yet, the BSI has a staff in all its divisions of only 1,100—far fewer than any government ministry—writing standards, checking products from tarpaulins to teddy bears at its 19 Hemel Hempstead laboratories and elsewhere, providing technical help to exporters, supplying information from its unrivalled Milton Keynes database, and much besides.

Less than a fifth of its modest £30m a year budget comes from the Government. British Standards Institution carries its own keep, setting its own standards.

Survey written by David Loshak  
Photographs by Hugh Routledge

# Hallmarks of Quality



The Kitemark      The Safety Mark      The Registered Firm Symbol      The Registered Stockist Symbol      BS 9000

Today's buyers are more knowledgeable, more demanding and more inclined to buy from quality conscious suppliers—suppliers that can convince them that their quality needs will be met in full.

Many buyers not only need convincing, they also require hard evidence to support the manufacturer's claims that a product reaches a desired specification or that the manufacturer operates a first class quality system.

Quality Assurance Services, a division of BSI, can provide your company with the evidence that you need to convince your customers of your commitment to quality.

Good marketing and quality are the ingredients of the recipe of success and the BSI Hallmarks of Quality establish a direct bond between them.

Single Firm Registration to BS 5750

The base of most of BSI's quality schemes is BS 5750 Quality Systems, and any company who can demonstrate that they are operating a documented quality system in line with the standard can apply for registration as a BSI Registered Firm of Assessed Capability.

Sector based registration to BS 5750

Certain sectors of manufacturing and service industries require a scheme which not only uses BS 5750 but takes into account their special requirements and their clients.

These special requirements, determined by the manufacturing or service industry, its clients and BSI, are set out clearly in a Quality Assessment Schedule. The registration procedure is identical to single firm registration with the addition that the requirements of the Quality Assessment Schedule must also be met.

Registration of Stockists of Assessed Capability

The BSI system for the registration of stockists is designed to be a nationally accepted system for the distribution of quality assessed products. The Registered Stockist Symbol is a sure indication of goods that have been manufactured, stored, handled and packed to the highest standard.

Certification

The Kitemark, probably the best known certification mark in the UK, is a product certification mark showing that the product has been manufactured to a specific British Standard under a quality system to BS 5750. This is an invaluable marketing benefit where conformity with a specification is a prerequisite. In

addition to the assessment of the Quality System, the products are subjected to the relevant tests as laid down in the appropriate standard.

Safety Mark Certification

The Safety Mark is another product certification mark and the procedures for offering it are exactly the same as the Kitemark. As the name implies, however, it is only used in conjunction with a safety standard or the parts of a standard that deal with safety.

Tailor-made Certification or Assessment Schemes

The BS 9000 logo is used only in the electronic industry as part of a tailor-made scheme specifically for that industry. BSI operates a number of specially designed schemes to suit the unique requirements of a particular industry. Should your requirements not fall into one of the previous categories, start talking with BSI and between us we can devise a quality assessment scheme which will meet your quality requirements and those of your customers.

*Putting Quality into Action!*

**BSI Quality Assurance Services**  
Contact us at: British Standards Institution,  
Linford Wood, Milton Keynes, MK14 6LO Tel. 0908 315555

# Industrial Standards 2

### Information

## Hotline for exporters

IF AN EXPORTER needs to know some arcane item of technical information such as what the domestic supply voltage in Venezuela might be, there is an easy way to find the answer. The BSI's technical enquiry service at Milton Keynes can deal with questions like that within minutes.

Other questions are not so simple. The BSI's information department, allied with its Technical Help for Exporters service (THE), with database, library and translation facilities, not only provides the answers to those too—at fees which range from £25 to £10,000 or more, depending on the type and extent of research required—but, crucially, suggests further questions you might not have thought of. These could make all the difference between winning or losing a tender or contract.



BSI information service and database can deal with technical inquiries in minutes

Mr John Widdowson, manager of the information department, explains: "We are now the world's largest information centre on standards. But standards are only half the problem. The law does not write standards. Technical requirements have to be known too. We are set up to provide the comprehensive answers. Many exporters need help to solve their technical problems but often do not really know what their problems are.

"We are a central point where they can get accurate, complete, high-grade information, with technical graduates at the other end of the line to bring a whole array of services to bear."

An inquirer might, for example, telex or phone to ask about the British Standard for copper pipe. "We would say, OK but do you know these other standards on related aspects?" John Widdowson says.

"We ask what they want the information for. Had they

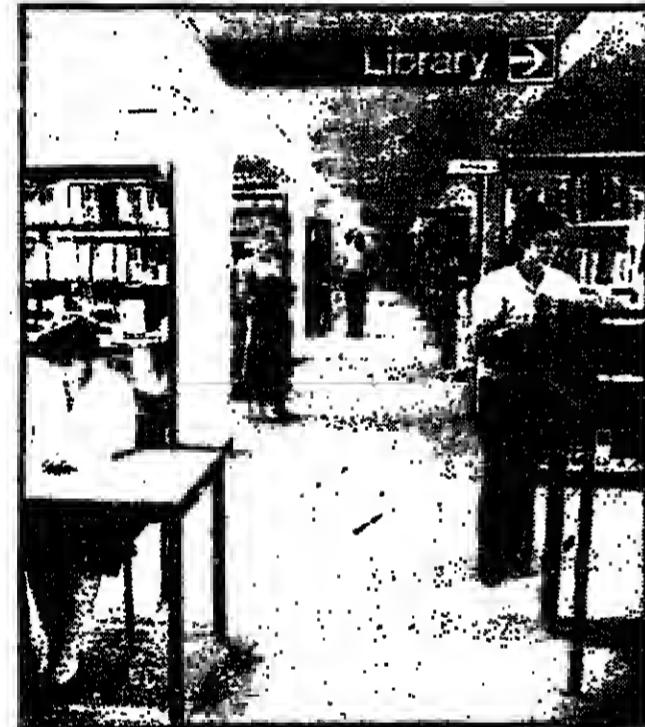
thought about the use of corrosive liquids, for example? What about the British Standards for pipe connections as well as the pipes themselves? Do they want to sell to local government? Do they really want to sell only in Britain? Do they realise this, and that, and the other?"

"We can protect them by sending the right documents and the full information. Introduce them to the equivalent standards in other countries, provide essential translations of essential documents and give consultant advice."

"So from starting off with the

inquirer's order for £5-worth of publications on one standard we may end up by selling £1,000 worth of services. But more important, they now stand a very much better chance of making a product that can sell more widely because they are not going to trip over problems at a stage when it is too late to solve them."

If that £1,000 for technical help sounds a lot, it is worth noting the result of an independent study of the THE service in 1984. It found that companies which consulted it saved £1.5m of their own resources as a result and that THE had helped save money and generate exports totalling £57m.



Library at BSI base in Milton Keynes

the Prime Minister asked when she opened the Milton Keynes complex last year. Acknowledging that there is much more that could, and would, be done, BSI executives point out that this is a reasonable return on the £200,000 a year that Mrs Thatcher's Government has invested in THE.

Not that they want handouts. They wish THE's independent and self-supporting status, working as a business enterprise in its own right.

As Mr John Dix, its manager, emphasises, it was created to respond to industry's needs, help manufacturers and exporters through the morass of standards and certification requirements that exist worldwide. The BEC and CATT removed tariff barriers but technical obstacles to trade remained, largely as a legacy of history.

One who originally assumed that the problems were just those of differing national standards, but it was not that simple," Mr Dix says. "The way we do things in Britain is not necessarily the way others do it. In fact, we are usually the exception rather than the rule."

In the US, for example, there are more than 90 bodies which write standards. Even West Germany there are 180, and while British law seldom contains detailed technical requirements, much foreign legislation does.

To sell abroad, a product must comply with the relevant technical requirements of the target country, even if they are not mandatory. Such compliance hardly makes exporting any easier, which is why the THE's service, identifying the relevant standards and regulations, is so useful.

If these are not in English, THE has more than 6,000 translations of foreign standards, legislation and codes of practice in stock and offers to translate foreign technical documents. The engineering and consultancy service undertakes commissioned investigations into foreign technical requirements for specific types of product, offering tailor-made reports as required by the client.

One major project, for example, concerned the export of a flight simulator. THE was called in at the design stage to identify the requirements for all the necessary equipment and components and made consultative visits to follow this through.

THE also provides up-dating services for particular industries. Its 500-page report on mobile agricultural equipment for West Germany, to take a not untypical case, needed to be discarded 219 pages and add 388 new ones within a year of initial publication because of changes in the requirements.

At the core of THE's activities is its collection of 500,000 foreign technical requirements and related documents, with foreign standards from 120 countries. It receives 2,000 new standards each month and, of course, is constantly revised.

This year's Database section will become fully operational on a public host computer to provide access to the world's bibliographic databases on technical requirements, access to the international standards network ISO/IEC, and consultancy in the development and use of database systems.

That will provide a whole new core of major potential for Britain's exporters in the future.

ALTHOUGH THE Kitemark is the best known and the most celebrated of the British Standards Institution's labels, it is by no means the only one and in several fields, indeed, is not the most important.

There is, first, the mark which shows the number of a standard. It appears on such varied items as car number plates, plugs and sockets, lamp posts, manhole covers, white spirit bottles and knitting wool labels to designate the manufacturer's claim that the product meets the standard.

Then there are distinctive eight-pointed stars seen on petrol pumps which show grades of petrol. The Kitemark itself, to be found on consumer goods of all kinds but even more widely in industry, tells us that the BSI has checked the manufacturer's claim that the product complies in every way with the standard quoted. The Kitemark, which appears on domestic equipment like gas cookers, fires and central heating boilers, and on such other products as floodlights, shows that a product has been checked to British Standards specifications for safety. The Safety Mark of the BEAB, the British Electrotechnical Approvals Board, is on most household electrical equipment and con-

### Symbols

## Marks of distinction

firm that samples of the appliances are tested for compliance to BS 3456, which covers electrical safety, including durability.

The Registered Firm mark, which appears on letterheads and publicity material but not products, affirms that a company is registered under BSI schemes of assessment of quality assurance capability. The double insulation mark, a small square inside a larger one, indicates that an appliance has double or reinforced electrical insulation throughout.

Finally, there is a Paraffin symbol, which can be seen in appropriate shops and distributors. This shows that the fuel gives efficiency and clean burning in an appliance and is recommended for fuelless paraffin heaters in the home.

To obtain certification, application fees of up to a basic £499 are payable, depending on circumstances. Because companies

in service industries vary greatly in size, structure and scope, various aspects of fees are fixed individually by agreement.

On acceptance of an application, a company will be required to submit a copy of its quality system documentation. BSI will scrutinise this to ensure it fully complies with BS 5750. The company will also have to show, in a quality plan, how conformity with the standard will be maintained.

Samples of the product will then go to an independent test house for testing to the British Standard. Assessors, mostly on the recently-established Register of the Institution of Quality Assurance, will visit the company and check it out on site.

The outcome is discussed with the company's management. If problems are minor and readily remediable, a licence can still be issued; the assessments and tests are not all satisfac-

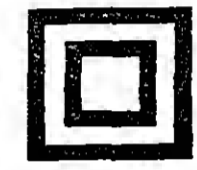
Inspectorate, established in 1962. It is one of the largest inspection agencies in Europe and has an international reputation. It is accredited not only to the BSI but to the Department of Transport, the Property Services Agency and organisations in Canada, Italy, France, Sweden, the US and other countries.

In each of the last two years, the inspectorate's work has increased by 15 per cent, and a 20 per cent expansion is likely for 1985-86. It operates under its own quality system and ensures that there is strict confidentiality at every stage.

It enables a wide range of industrial organisations to have an assessment, surveillance and inspection capacity equivalent to the largest multinational companies. Its claim to have "unique" expertise and experience and any client anywhere is offered a service that is economical and efficient.

Quality awareness is increasing all the time. With it, the demand for independent technical assessment grows accordingly. Whether through one-off inspections or routine surveillance visits or in the course of certification procedures, the BSI Inspectorate has a key part to play.

BS 1970



### Trade

## Quality before profits



Derek Spickernell, former BSI director-general

"I DON'T believe in free trade: I believe in fair trade," says Mr Derek Spickernell, former BSI director-general and a man whose 26 years as director general of the British Standards Institution were notable for the emphasis placed on the total international dimension of standards.

"What has driven me during my time at the BSI, after 38 years in the Navy, is a tremendous desire to see international trade flourish, but not if that means unsafe goods being bought by consumers in developed countries from developing countries simply because they are developing."

Following a tour of India in his capacity as vice-president of the International Organisation for Standardisation (ISO), Mr Spickernell observes that developing countries are growing aware that they must raise the quality of their products to be able to export successfully.

By the same token, he argues, developed countries like Britain can hold their own and advance as trading nations only by putting quality in the long term before profit in the short term.

The two, quality and profitability, are not, in fact, incompatible—on the contrary. But many British companies had made the costly mistake of regarding the pursuit of quality as something they could not afford, focusing chiefly on "the bottom line" of the annual balance sheet. The resulting unreliability of their goods had lost them orders.

Lack of quality is a heavy cost: it can add 20 per cent or more to the cost of goods, in terms of waste, re-

jects, warranty claims, extra inspection, etc.

"Quality does not mean Rolls-Royce standards every time. It means conformity to customers' requirements. The customer has a right to reliability and safety and cannot be blamed for not buying British, for example,

if the British product breaks down before it should.

"As Japan has shown, when it is not the profit motive that is the initial activating force but the quality motive, the end result can be greatly increased profit."

If, as Mr Spickernell declares,

quality helps to stimulate world trade, then there is great potential for a surge in demand for British products in the coming years. For a number of quality-assessed British companies, approaching 10,000, seems likely to rise sharply.

And Britain is now leading the way in setting international standards of quality, with the ISO about to model its own standard for quality systems on British Standard 5750.

This, as it comes ever more widely into practice, will increasingly stimulate trade. Countries will be enabled to safeguard purchasers of imported products without having to duplicate often costly facilities for testing—testing that has already been done.

The key significance of the positive role of standards, notably British Standards, in promoting "fair" international trade has never been set out more clearly than in the title of the Department of Trade's widely translated and much-quoted 1982 White Paper, Standards, Quality and International Competitiveness.

Then, says Mr Spickernell, governments, given the political will, could develop trade agreements to promote "the free circulation of safe goods internationally," not least within Europe.

His wording is significant. "Fair" trade has, out of quality by standards, been transmuted to "free."

### Users

## £6bn savings a year possible

BRITISH manufacturing industry could save £6,000m a year through greater emphasis on quality control, in the view of Mr Lewis Goodman, chairman of the Quality Assurance Committee for the Clothing Industry.

His calculation is based on the assumption that the value of manufacturing output could be increased by 10 per cent—a modest amount to judge by some case histories—through improved quality procedures.

Even if it is an overestimate, which is unlikely, it gives a measure of the immense value, in sheer financial terms, of putting standards to use in industry.

Mr Goodman points out that Britain's clothing markets depend on good design and consistent quality. "Improved productivity must take into account the output of perfect as opposed to faulty or seconds merchandise," which account for up to 4.5 per cent of production.

He reports that one tailored garment manufacturer who introduced a proper quality control system achieved a 6 per cent improvement of productivity, a seven point average increase in operator BSI speed-rating, half the number of "seconds" and a 65 per cent reduction in returns for repair, all within 12 months.

In only three months, a leisure wear manufacturer cut the number of seconds by half, and menders, repairs and cleaners by a third.

NuAir, manufacturers of air moving equipment, was one of the first companies in its field to be registered with the BSI as a firm of assessed capability. Its managing director, Mr Brian Moss, admits that the company did not seek registration because it was attracted by the benefits of formal quality assurance, but because the Department of Trade had insisted that was the only way to get Government support for a performance data certification scheme.

It was regarded as "... a payment exacted..." Mr Moss recalls, and says the company was already successful, up-to-date and computerised, and initially could see no virtue in introducing "a costly and unnecessary bureaucracy" simply to confirm that its procedures were sound.

This might have been arrogant, Mr Moss concedes, but he believes it is an attitude which is still current.

When NuAir did recruit a quality manager, they discovered their systems were far from perfect. Important issues of inter-departmental responsibility had become blurred; some procedures were tolerated only because they were ignored; manufacturing feedback was inadequate because faults were more easily corrected at the bench than reported; and communications were deficient.

"Success was being achieved in spite of inefficiencies."

The adoption of BS 5750 enabled NuAir to recover the extra costs of quality twice-over every year because of fewer warranty claims, even though these were already low. Inspection staff were cut by a quarter and production rose similarly.

Other industries can point no less tellingly to the value of standards. A Kitemark scheme introduced by the BSI and the Society of British Gas Industries last year assures purchasers of gas appliances after some alarming incidents with imported cookers that those made in Britain at least are safe and reliable.

Northern Telecom Companies is typical of companies in its field which report that standards are not only essential



in helping sales, but also make manufacturing easier and play a major part, too, in promoting expansion.

Work study and organisation and methods, including a guide to measuring the work carried out in an organisation, is the subject of British Standard 3375. It can be, and has been, applied not only to construction sites and production lines, but to operating theatres in hospitals.

Michael Stedman, technical director of Westrick, confirms the "considerable" benefits of a planned quality assurance programme. One housebuilder reported that he had been able to save on costly sorting on site and that wastage had become negligible.

Mr A. S. E. Hill, head of quality assurance at the Property Services Agency, which is committed to third-party certification of products, in line with government policy, says the Kitemark scheme makes it much easier for site supervisory staff to check that products conform to specifications.

Standards which cover leaders are an obvious aid to safety in what is a high-risk activity, says Mr P. B. Lane, president of the British Ladder Manufacturers' Association. Another safety aspect of adherence to British Standards is cited by Mr A. Mackinnon, which makes industrial eye protectors and respirators for protection against harmful dust and chemicals.



Acoustic testing of telephones and temperature monitoring of an incubator at the BSI laboratory

You wouldn't consider buying an electric motor which wasn't designed to British Standards; so why should your standards be any different when it comes to quality assurance.

GEC Small Machines Limited at Warley, W. Midlands is approved to BS 5750 Parts I & II

S&C GEC Small Machines Ltd, Cakemore Road, Rowley Regis, Warley, West Midlands B65 0QT Telephone: 021-559 1500

We could improve your maintenance and sub-contract manufacture

Ansafone has operated nationwide service to its own customers for over 25 years. Currently we provide a similar facility under BS 5750 standards to users of NTS London range PABX and NEC Key Telephone Equipment.

We now have the capacity to offer third party maintenance to other manufacturers and dealers — ideally those within the Telecommunications or Electronics industry.

Also our skilful workforce is available for sub-contract electronic manufacture and assembly work again to BS 5750 standards. Present customers include both large and small companies in the Electronics and Telecommunications industry.

If you would like to discuss a competitive maintenance scheme, with national or regional application, contact D. Weston, Ansafone Limited, 140, Cricklewood Lane, London NW2 2DT. Telephone: 01-450 8933.

For sub-contract manufacture contact R. Woodham, Ansafone Limited, Lyon Way, Frimley Road, Camberley, Surrey: Telephone (0276) 63411.

**Ansafone**  
The Telecommunicator

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### Industrial Standards 3

#### Testing

## Improving on design

IT IS PROBABLY through the appearance of the Kitemark on millions of motorcycle crash helmets and car safety belts that most people have come to know about the BSI's rigorous and reliable testing of thousands of other products.

Today, in a complex just off the M1 at Hemel Hempstead that amounted to only a hut 25 years ago, testing of immense range and complexity is carried out at BSI's Test Centre, one of the largest and most versatile of its kind in the world.

In the early days, recalls Robin Dandy, assistant director, the tests were carried out solely to British standards. "But it quickly became clear that we could do a lot to spread the gospel on standards and so we started to take on work for other organisations.

"We are not bound solely to testing the Kitemark or even British Standards but will test anything for which we have the expertise to write a set of objective criteria. That can include our own standards, international ones and even company specifications.

"We are non-profit-making, we have fairly tight budgets and we don't get government funding, so we do this work for a fee. It is a business—the business of improving quality, design and products generally—

not for any particular market place but on foreign products as well as British and as agents for foreign manufacturers too."

More and more organisations, from small private concerns to departments of state, are finding that the use of the BSI's Test Centre, which has a high international reputation, assists product development, compliance with legal requirements, improvement of quality systems, meeting specifications and developing new methods.

The Test Centre, which has 19 separate laboratories, provides fast, accurate, confidential and economical facilities for type testing, calibration, audit testing, technical guidance and advice.

As one would expect, it operates under a strict quality system. Its own equipment is regularly reviewed and calibrated and the centre subjects itself to the same tests as its clients. The centre is accredited by the National Measurement Accreditation Service.

The centre covers four main areas of activity — electrical engineering, electronics, mechanical engineering and physics. It annually tests every London taxi meter. It checks every NHS thermometer: it is the only testing laboratory formally recognised by the Health

Department for the issue of repair—on electromedical equipment. It has tested bollards, cattle grids, toilet seats and skateboards, as well as complex modern office machines, telecommunication equipment and electric cables, among much else.

Its clients form a veritable who's who of international business: Black and Decker, Hitachi, Philips, Ford, Thorn EMI, AEC, Volvo Mitsubishi, Hoover, Plessey, Reckitt, to name only a few.

The BSI is commissioned to undertake type testing for products as diverse as bicycles and safety glass, and for many different reasons — during product development, to confirm that design is satisfactory; to establish compliance with a standard; to confirm that a product meets a legal requirement.

Once a product is on the market, the test centre can carry out audit checks to ensure that compliance with the standard or specification is being maintained. Such tests are often needed to support certification schemes or for continual checks on a company's quality system.

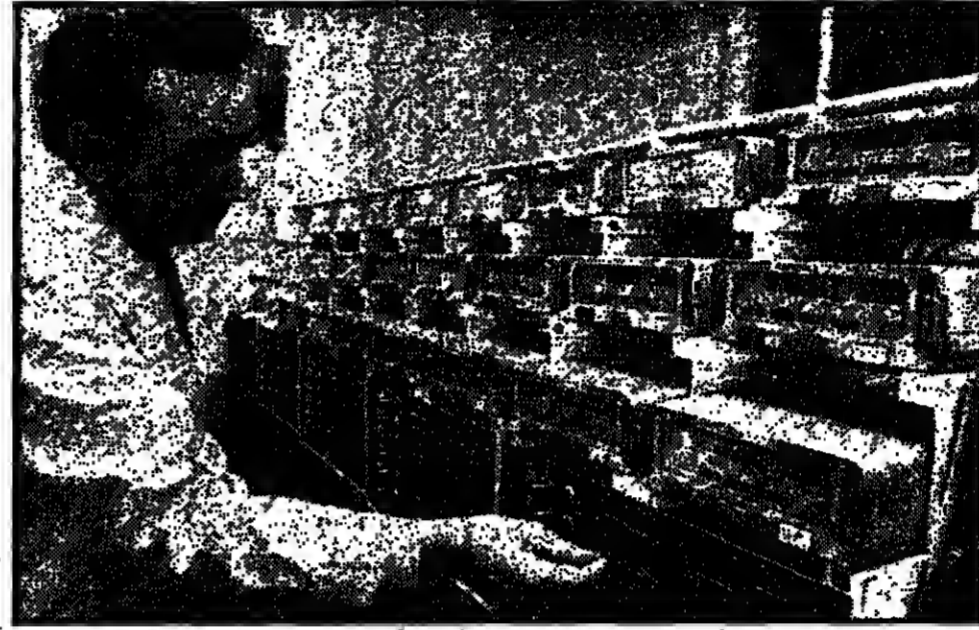
The centre can also help clients to develop new test procedures and methods. It prepares test requirements for individual specifications and undertakes programmes to establish performance criteria. Its senior engineers are on many standards making committees to ensure that testing requirements are soundly based.

All in all, testing for Kitemarks and Safety Marks accounts for a quarter of the Centre's total business. It carried the £2m turnover last year.

"Our operation is essentially no different from a manufacturing plant," says Robin Dandy. "We manufacture reports, modify raw materials and turn out a finished product which we sell. We are an industry that employs 220 highly qualified people."

At the same time, of course, it is a "service industry" par excellence, providing technical insurance, as it were. It produces some 2,000 test reports every month.

Ideally, organisations like the EEC and GATT should make it possible for harmonisation of standards so that a test at Hemel Hempstead, or in any other country's accredited test centre,



Impact testing on a motorcycle helmet and routine checking of taxi meters

#### New Technology

## Key factor in expanding field

IT IS A recent but still a well-established truism that the new technologies in information, communication and automation are developing at an exponential rate. In the future, therefore, standards will be a key factor, and even more so than today.

"The basic principles of standardisation will hold true," says Mr Derek Spickernell, the former British Standards Institution's director-general, writing on "shaping the future" in the Design Council's journal Engineering.

"We will need to produce international standards more quickly to support change. But there is a limit to acceleration because of the need to achieve international agreement. So the detail of product design cannot be successfully specified internationally because of the pace of development."

Mr Spickernell's analysis implies the biggest challenge to, and the most obvious changes in, the international standards process in information technology, where data processing and telecommunications converge.

Information technology systems will need to communicate just as people need languages and conventions to communicate. "Such interfaces can and must be standardised," Mr Spickernell asserts.

To assist to that end, the BSI has just set up the Council for Automation and Information Technologies. It will be responsible for preparing standards in data communications, data processing and telecommunications.

BSI's aim is to ensure an effective British contribution to European and world activities in data communication and automation.

The growing dependence throughout industry on digital electronic systems and techniques, and their standardisation is widely seen as essential.

The current decontrol of national telephone monopolies in Britain and several other countries is merely a harbinger of the communications revolution to come, in all its immense potential.

are imminent, too, in the development of intercommunication between computers. In this, the rigorous application of standards will become essential. A clue to the nature and pace of change is given by the startling advances that are in store even before the year 2000.

Such technology will determine the future of manufacturing industry. Standards will be essential because, otherwise, differing data structures and failure to control and disseminate information rigorously, will make it all but impossible to harness that technology effectively.

Factories will use dedicated task processors for automation that will be highly reliable and capable of self-diagnosis and repair. Robots with "vision" and artificial intelligence will replace skilled human machining and assembly. Indeed, manufacturing will become totally automated in many industries, with raw materials entering the system at one end to emerge finished, fully quality-controlled to standards, and inspected, at the other.

The volume of information that future telecommunications can transmit will be vastly increased, through the explosion in available bandwidth, the advent of optical transmission systems, and plunging costs of electronic equipment.

The BSI's telecommunications laboratory at Hemel Hempstead came into being after the passing of the Telecommunications Liberalisation Act as the independent approvals and testing authority for this kind of equipment, assessing safety and performance.

In addition, it can ensure that emission signals do not cause interference to other users, transmit dangerous voltages to the line or disrupt the integrity of the public network. There are tests of speech performance and other, more technical, aspects of transmission and acoustics.

The electronics laboratory, covering testing of both equipment and components, looks at "brown goods"—radios, cassette recorders, home computers and the like—and such varied items as intruder alarm systems and slide projectors.



Robin Dandy, assistant director, BSI test centre

#### Certification

## Foreign competition hit for six

FOR MORE than two centuries until a few years ago, most cricket balls used in Britain were handmade by two long-established companies which virtually had the market to themselves. But they began to get into trouble when foreign competitors produced cheaper versions.

Although inferior in quality, the foreign products looked much the same as the £20 British ones, and it came to a stage when the established manufacturers were nearly on their knees. In crisis, they consulted the British Standards Institution and in subsequent talks with professional cricketers and the National Cricket Council, a standard for cricket balls was set.

This enabled the two companies to automate their production and, having to a great extent beaten off the foreign competition, they are hard pressed to satisfy a greatly increased demand for their products.

It is a success story which people at BSI recount to exemplify the way in which standards can impart a quality image and so enhance sales.

The BSI Kitemark, which recently celebrated its 60th anniversary, is the indication that all aspects of the relevant British standards have been complied with. It is, says John Charter, deputy director of the quality assurance division, a first-class marketing tool.

The first Kitemark licence was issued to GEC for vitreous-enamelled steel reflectors for light fittings. This lapsed in 1938. The year before, Kitemark licensing received a boost from regulations requiring car windcreens to be made of safety glass, and the oldest extant Kitemark is for Pilkington Brothers, dating from that time.

Kitemarks then were issued on the basis of a report from a test house recognised by BSI. After 1945, BSI began factory inspection, often at the request of manufacturers who sought to maintain the quality control imposed by wartime utility schemes.

With the rise of the consumer movement in the 1960s, there was greater emphasis on consumer protection and, of course, product safety. The Kitemark became mandatory for motorcycle helmets and seatbelts in cars. By the end of the decade, which also saw the launch of the Buyer's Guide,



John Ware, director of the BSI quality assurance division

listing all Kitemark licences and standards, 1,450 licences were in operation and the fundamentals of modern Kitemarking were established a little later, with use of the Safety Mark, introduced in 1975.

Samples of the product must be examined and tested for compliance with the construction, performance, safety or dimensional requirements in the relevant British Standard.

At least twice a year, BSI inspectors carry out checks of manufacturing to ensure that requirements of certification are maintained. Samples are taken and BSI notes feedback from the marketplace.

If the manufacturer is found to be slipping, or his products are not coming up to scratch, the BSI can insist on the removal of its marks or withdrawal of the company's products from the market—potentially severe sanctions which certainly concentrate minds wonderfully.

If safety is at stake, trading standards law can be invoked, and a product may have to come off the market at once. But such drastic measures are sel-

dom needed. "We operate realistically," says John Ware, director of BSI's quality assurance division. "We do not want to impose impossible situations and we don't want to force anyone out of business. We are not policemen; we work in partnership to provide a service that is supportive."

The administration of the Kitemark and Safety Mark is carried out by the certification and assessment schemes service of the quality assurance services division.

This is responsible to the Quality Assurance Council, which comprises representatives of industrial, purchaser, consumer and government interests. All product certification schemes require a manufacturer to operate a documented system complying with BS 5750 quality systems, in line with the Government National Quality Campaign.

Any company that makes products to a suitable and current British Standard, and is continuing to do so, may apply for product certification. The right to use BSI certification marks

is not confined to goods retailed under the manufacturer's name—wholesalers, retailers and importers operating under their own names also qualify.

Product certification can be used in all forms of publicity, packaging and merchandising. By showing they are up to an acknowledged high and reliable standard, all certified products benefit from the collective image of BSI approval.

"It helps a manufacturer to stand out from the crowd," John Charter notes.

He cites such other benefits of certification as better labour relations, because of the greater workforce involvement it almost always entails, a potential degree of legal protection and the financial benefits of cutting waste. Red Bank Manufacturing of Burton on Trent, which makes chimney pots, cut scrap by 2,000 tons a year after inaugurating a registered quality system.

Just over 1,300 companies are operating Kitemark Licences, and 194 Safety Mark Licences. But although the numbers are much the same as 20 years ago, the range of standards and the products they cover are very different.

Schemes for bedding and furniture, no longer proliferating. The Kitemark for seat belts and other vehicle components, has been taken over by the Common Market's "e" mark, issued by the Government. There is much greater certification of building materials and components for the construction industry, and more schemes for electrical equipment.

Since 1978, says John Ware, the BSI has focused increasingly on its systems for the registration of companies and stockists of assessed capability—BS 5750. Because these are nationally accepted schemes, they have cut out a previous multiplicity of assessment, saving time and money all round.

Registered stockists distribute only products, materials and components from quality assured sources, increasing customers' confidence and giving the assurance that goods have not only been made but are stored, handled and packed to the highest standards.

The cost of registration depends on the size and scope of the operation in question, but it is marginal. The real cost, of course, comes in having a quality manager and in setting up and maintaining the quality assured system.

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**THE PROPERTY MARKET** BY WILLIAM COCHRANE

**Sunbelt deals for TWP**

TAYLOR Woodrow Property, one of Britain's most active developers with a world-wide programme currently in excess of £200m, is accelerating its American investment with two site acquisitions—in Atlanta, Georgia, and Miami, Florida—which reinforce its commitment to the Sunbelt states.

Mr Peter Hedges, TWP managing director, said in London this week that the company had paid \$8.1m for the two, \$8.1m for an 87-acre land acquisition in Cobb County, Atlanta, approximately 25 miles north west of the city's central business district, and \$1.6m for a site capable of supporting a 70,000 sq ft office block in the heart of the successful 350,000 sq ft Corporate Centre at Blue Lagoon, Miami.

Blue Lagoon, in Dade County, Florida, is adjacent to Interstate Highway 836 and three minutes' drive from Miami International Airport, the busiest cargo airport in the world. The TWP site adjoins the Interstate Highway and Red Road intersection, giving direct access to the passenger terminals.

Last month also saw the completion of the Atlanta land deal, which may be more indicative of Mr Hedges's thinking at the moment. The site is in the major growth corridor along Highway 75, close to quality residential development and capable of producing a 1m sq ft business park.

The property is zoned for a combination of general commercial (30 acres) and office and institutional uses (37 acres) and this, says TWP, offers a wide range of development oppor-

tunities. The company plans to service the land, putting in roads, drainage etc., carry out some speculative development and offer sites for sale to other developers and owner occupiers.

Taylor Woodrow has been in the US over 10 years and Mr Hedges has been with the company for coming up to twice that length of time.

That the company was early in America, and early into the Sunbelt with projects in California, Texas and South Carolina in addition to Georgia and Florida is of little note to him. "We were into Europe and out again before the main development push in the early 1970s," he notes.

However he sees the move into land acquisition as an opportunity for a major stake in American development at a time when not many others can afford to play in this market. "Other developers," he says, "are over-extended; they have often built on the basis of open ended, and short term finance."

Tax investors who have contributed to the current, over-builts US commercial property market are likely to take a back seat in future as changes in tax law trim their sails. Values are currently depressed and TWP sees the next recovery being based on sound commercial judgment of demand and supply.

"Taylor Woodrow's policy is to position ourselves strategically by acquiring well located sites for both direct development, and for land development as in the case of our Atlanta

acquisition," says Mr Hedges. "By using our strength in this way, we believe that we will be well placed to benefit from an improving developers' market," he says. "So we are seeking to build ourselves a landbank in major growth locations."

TWP has money in the bank, and it is prepared to spend it. The company is currently looking at major acreage along the highway from Miami airport, on a site of around 50 acres.

"In a couple of years," says Mr Hedges, "buying land is going to pay such handsome dividends that people will not believe the returns."

Is he blinkered in his low-rise, sunbelt approach to US development when other international developers see their Mecca in Manhattan? "Part of my education was Silicon Valley," he admits, thinking of the low-rise, Californian crucible of infotech development which has influenced many developers in its time.

However, TWP is also looking keenly at the US investment market where yields are becoming "very tempting." It might still make a move to the north east, and high rise. "but not yet," says Mr Hedges.

The company is satisfied with its own Sunbelt projects, offices in Atlanta and the 150,000 Lakeside Business Park in Tampa Bay, Florida.

It has retained 400,000 sq ft of those to date for its own investment portfolio, as well as a partnership stake in another Tampa building, Centrepointe.

**Shires lose out**

**RATES IN GB 1986**

Long-Term High Increases 1982/3 to 1986/7	%	Long-Term Low Increases 1982/3 to 1986/7	%
Nottingham	61.8	Worcester	2.8
Sheffield	58.8	Reading	8.8
Liverpool	55.8	Edinburgh	11.0
Rotherham	53.4	Glasgow	12.1
Harlow	52.3	Islington	15.1

CENTRAL Government funding of local authority spending is not only declining, but moving from the shires to the inner urban areas, according to the 1986 Rates in Great Britain survey by King and Co.

Mr Peter Reed, a partner in the firm, has examined rates payable per sq ft on a typical warehouse in 50 different centres around the UK. Apart from obvious issues like the effect of rate capping, he notes that the range from top to bottom has narrowed.

Backney, at the top, actually falls from £3.03 a sq ft in 1985-1986 to £2.69 for 1986-87 while Hull, at the bottom, has risen from £0.61 to £0.71 respectively.

Centres previously within Greater London Council or Metropolitan county areas, recently abolished by the Government, account for only six of the top 20 rate increases: 15 of them, says Mr Reed, are in the lower half of the league with rises of 7½ per cent or less.

"Whether these low increases bear witness to a sudden improvement in financial strategy by these ex-metropoli-

tan and GLC authorities, rather than to the switch in government grant from the shires to the urban areas, is doubtful.

"There are more politics in rates than in any other aspect of the property business," says Mr Reed. He finds it somewhat curious that the shires, bastions of Tory support, are getting less of central government funding while inner urban areas are getting more.

Aberdeen, he thinks, is getting rather frightening. The North Sea oil city has gone from a nil increase last year to a jump of over 23 per cent this year — a severe blow to an area already hit by the fall in oil prices.

The next rates revaluation will be in 1990, Mr Reed notes that this will be the first revaluation in 17 years for England and Wales — and the fourth in 20 years for Scotland.

Over the longer term, the trends in Harlow and Reading demonstrated in the tables above might give pause to any industrialist thinking of moving east along the M25, or any developer thinking or anticipating such an event.

**Sinclair building to be sold**

CAMBRIDGE estate agent Douglas L. January and Partners has been instructed by Sir Clive Sinclair to sell Milton Hall, the headquarters building occupied by Sinclair Research and situated close to the Cambridge northern bypass.

The original 18th century country house was extended with two wings to the north and east some years ago, says January, which notes that the whole property has been refurbished and fitted to a very high standard.

The house stands in just over 6 acres of parkland, and provides working floor areas of just under 20,000 sq ft. Offers in excess of £1.65m are being invited for the freehold, with vacant possession.

The accommodation has been designed for science-based research, with particularly fine laboratories, says the agent, with comments that in view of the standards required for high technology the building could readily be adapted as an office headquarters.

The location gives direct access to the M11 and to the major motorways between the Midlands and the east coast ports. January says he also reckons that the property would be suitable as a conference centre, private hospital/clinic or private hotel/restaurant.

**New partner in Ocean Village**

THE DEAN & Dyball Group, already involved in marina developments at Shamrock Quay and Rythe on Southampton Water and Queen Anne's Battery in Plymouth, is investing £12m in the Ocean Village joint venture in Southampton by Associated British Ports and Shearwater Property, a member of the Rosehaugh Group.

The £75m project is designed to transform the historic Princess Alexandra Dock over the next five years with commercial, leisure and residential development.

From Brussels, Richard Ellis says that CODIC, the Belgian property development subsidiary of the Dillons Group, has sold two projects in the city for a combined total of over £9m (€13.1m).

The Rue Montoyer project, created out of the purchase of some 11 town houses, has gone to the Vita Insurance Company for more than £9m and AKZO-Feinchemie of the Netherlands has paid about £9m for 300m for 4,000 sq m of offices on a prime corner site in Brussels opposite the British Embassy.

Refurbishment notes: Grosvenor Developments, part of the Grosvenor Estate, sees a £1bn pent-up market in the refurbishment of shopping

centres over 15 years old, and up to £8bn in offices, says project director Mr Peter Martin, of the company's new refurbishment division.

Meanwhile Mr Gerald Powell, Heston's joint managing director and his co-directors Mr Tim O'Rourke and Mr Andrew Hamilton, are leaving the company following its takeover by Rodance to set up a private property company specialising in both refurbishment and new development.

The Scottish Development Agency and Romatree, a subsidiary of the Dundee-based Binshall Street Property Company, are converting a 150,000 sq ft factory on the city's Dunluane Estate into a business centre. Initial rent will be low and the SDA's return will, through a profit-sharing arrangement, increase in tandem with the success of the development.

Grafton Estates is about to submit a planning application for up to 150,000 sq ft of office, research and development space at its 24 acre Trigon development, by Junction 3 of the M4.

At Huntingdon, Westminster and Country Properties is seeking outline permission for a £12m retail development comprising a large supermarket, retail warehouse and 15 retail units, plus 630 car parking spaces.

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FT LAW REPORTS

Underwriters' evidence can be videotaped for US court

J BARBER & SONS v LLOYD'S UNDERWRITERS Queen's Bench Division: Mr Justice Evans April 3 1986

IN RESPONSE to a request by a foreign court the English court may order that the examination of witnesses for the purpose of foreign proceedings be videotaped if it considers that stress caused to the witnesses by the presence of the camera would not be so great as to outweigh the value and convenience of the recording.

Mr Justice Evans said that by HIS LORDSHIP said that by making a request for a request was made for the cross-examination of witnesses on questions relevant to a Californian action.

On an application to discharge or vary the order the substantive question was whether the examination should be recorded on videotape. It was the practice of the Californian court to permit video recording.

The English court acted under the Evidence (Proceedings in Other Jurisdictions) Act 1975 and 1976, appointing an examiner to take depositions from the underwriters to take depositions for the purpose of Californian proceedings.

Order 70 all made it clear that the underlying principle was that the English court should be sympathetic to the foreign court's request.

Examinations in the UK should follow procedural norms for proceedings in the UK; but if a request was made by a foreign court as to a particular manner for taking depositions, that manner should be employed within certain limits.

The limits for consideration were first whether what was proposed was so contrary to English established procedure that it should not be permitted; and secondly, whether, in the exercise of judicial discretion, an order should be made in a particular case.

Video recording of evidence given in English courts was not permitted, but evidence in the form of tape recordings and video recordings was capable of admission.

What was sought was videotaping outside a court, to be made available to the court. That was different from recording proceedings in the court itself. In the present day and age it was an appropriate method of recording evidence, though supplementary to a written transcript.

of cameras would oppress them and cause additional stress. The defendants were Lloyd's underwriters. There was no evidence that they were not in good health or that they were subject to personal disability. It was stressed to give evidence, and the court was not to protect those who were under a disability but in the case of the present defendants it was not accepted that there would be additional stress—certainly not enough to outweigh the value and convenience of videotaping the proceedings.

The evidence was that the videotaping would only be used at the trial if the evidence given there differed from the tapes. It was suggested that the written transcript was enough for that purpose.

The fallacy underlying that submission was that even the best transcripts were not 100 per cent accurate. The existence of a video recording would undoubtedly assist.

There was therefore great value in having a video recording which far outweighed the other matters. English courts placed great emphasis on the demeanour of witnesses, though the opinions might differ as to its value.

The order would not be varied to delete the reference to videotaping. For J. Barber and Sons: Mark Hoyle (Simon Olsson and Co). For the underwriters: Alison Green (Barlow Lyde and Gilbert). For brokers joined as defendants: Dominic Kendrick (Hewitt Woolcott and Chohan Davies) and Rachel Davies (Barrett).

BUILDING CONTRACTS

Good start for A. Monk

Building and civil engineering work valued at over £22m has been awarded to A. Monk & Co. during the first quarter of 1986. The housing division is developing a site at New Cross Road, Stamford for private housing comprising 47 houses of various types ranging from terraced to detached dwellings, valued at £1.85m. A further development is underway at Ramsey, near Huntingdon, for 17 detached residences, value £850,000.

Orders from British Rail include work on a bridge at Whittington and the construction of an underline bridge at Kingston-upon-Thames totalling £1.5m. In the north west work has commenced on a guardhouse and car park for Greater Manchester Police Headquarters at Trafford valued at £250,000. A magnetic resonance unit research facility claimed to be the first of its type in the UK, is to be built at the University of Liverpool for £21,000,000. Alterations and improvements to the International Garden Festival site to form a leisure park are to be carried out for Transworld Leisure (£700,000). Recent orders in the North East include a contract for the PSA at Full Sutton for the "airing out" of a workshop to form plant room, workshops etc (£1.28m) and a contract for a bus station and workshop

superstructure valued at £2.58m for the Wear Transport Executive. G. DEW & CO has been awarded contracts worth £3.2m. They include a three-phase building contract for a garage at Farnham, Surrey, valued at £1.2m; a building extension at Park Cakes Bakeries, Oldham, (£240,000); a stores building at Kildayway for Northern West Water, western division (£480,000); building structure at Carran Ferry for the Highland Regional Council (£160,000) and S. & J. Whitehead, a subsidiary company, is continuing its remedial stone masonry work at Blackpool Town Hall with an additional £200,000 contract.

FT CROSSWORD PUZZLE No 6,040

Crossword puzzle grid with numbers 1-28. The grid is 10 columns wide and 10 rows high. Numbers 1-28 are placed in the grid to indicate the starting positions for the crossword clues.

- ACROSS 1 Reaction to second stripe (8) 5 A cigar-shaped mushroom (6) 10 Flat country is not attractive (5) 11 Filled with top class jumping (9) 12 An old idea to modify suffering from respiratory disease (9) 13 Climbed out of bed (5) 14 Disturbed of concern concerning the embryo (6) 15 University in Florida gets benefit first—how depressing (7) 18 Help with homework is settled in advance (7) 20 In an ambulance the Dawn (6) 22 Services are said to create privileges (5) 24 Staggered at charges? Go in without paying (4-5) 25 The expeditions about to depart will cover expenses (9) 26 There's an animal inside that is cross (5) 27 It's wrapped in identical fabric (6) 28 Part of the scale thought to be saved (8) DOWN 1 Achieved through sport, secondary activity apart (2-4) 2 Lady's companion makes tea for everyone (9)

Driving force behind movement (8) 4 Examine boy's back—it's a disgrace (7) 6 In normal usage, a family doctor's operation (7, 8) 7 Checks engineers when taking measurements (5) 8 Business goes on calmly and convincingly (8) 9 Loud, commonly drunk and frustrated (6) 16 If upset, genuine member will give warning signal (4, 5) 17 Contrived to be prompt over debts (8) 19 Follow tip to where smoke finishes (5-3) 20 Skill is on both sides of the performer (7) 21 Is held to provide protection (6) 23 Bear mark used as tribal symbol (5) Solution to Puzzle No. 6,039

DOWN 1 Achieved through sport, secondary activity apart (2-4) 2 Lady's companion makes tea for everyone (9)

FAIRLOUGH BUILDING has been awarded a further two refurbishment contracts worth a total of £400,000 at London's King Edward Building Awarded by the Post Office, the first contract is for the decoration and cleaning of wall marble, and upgrading and cleaning of joinery and bronze window frames in the chief post office. Fairlough will also form a new entrance to the Post Office Museum and add new toilet facilities for Post Office staff. The thirty-week project is due for final completion in August and has also begun on the second contract, which is for the complete refurbishment of toilet facilities in the sorting office building, with completion set for October. Fairlough Building Ltd is part of AMEC plc, the international construction and engineering group.

AUSTIN HALL CONSTRUCTION a subsidiary of Penton, has been awarded a £1.2m design, build and management contract by The Invalid Children's Aid Association at Dawn House School, Rainworth, Nottinghamshire.

TILBURY CONSTRUCTION has gained contracts worth over £5m. In the west of England the secured contracts worth a total of £2.12m. The largest, worth £1.18m, involves various marine works over a two-year period in the Southampton area for the Property Services Agency. Tilbury Construction is also undertaking a 52-week contract worth £200m from the Welsh Water Authority for the improvement of an existing sewage treatment works at Llety Brynnyr, Margate. Other contracts include a £308,516 order from the Anglian Water Authority for the installation of a water main in Lincoln.

Brazier wins £9m orders

THE BRAZIER GROUP has secured contracts worth \$9m. They include a £2.4m office and light industrial development at Fenny Hillton, a £1m office extension for the New Forest District Council and a £1m hostel for the frail elderly at Bordon. Brazier has also won a £1.5m contract at Marchwood Park, near Southampton, to refurbish and extend the existing building into a psychiatric centre. The group has also been awarded two contracts by Hampshire County Council which include a £2.2m workshop and library at the College of Maritime Studies at Warsash and a £1.1m refurbishment for the Hampshire Constabulary at Netley, near Southampton.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allied Bank Unit Trusts, and others, with columns for name, value, and other details.

FT UNIT TRUST INFORMATION SERVICE

Large table listing numerous unit trusts including Acorn Unit Trust, Acton Unit Trust, and others, with columns for name, value, and other details.

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various insurance and unit trust products, including 'Abney Life - Continued', 'Acton Life Insurance Co Ltd', and 'Allied Bank Assurance Plc'. Each entry includes a company name, address, and financial data.

Table listing various insurance and unit trust products, including 'Allied Bank Assurance Plc', 'Allied Bank Assurance Plc', and 'Allied Bank Assurance Plc'. Each entry includes a company name, address, and financial data.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and overseas funds, including columns for fund names, values, and changes.

Table of financial data for various overseas funds, including columns for fund names, values, and changes.

Table of financial data for various money funds, including columns for fund names, values, and changes.

Table of financial data for various money market bank accounts, including columns for account names, values, and changes.

OFFSHORE AND OVERSEAS

Table of financial data for offshore and overseas funds, including columns for fund names, values, and changes.

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NOTES: A selection of options... London Stock Exchange Report No.

TRADITIONAL OPTIONS

Table of traditional options with columns for option names and values.

Handwritten signature or mark at the bottom center of the page.

COMMODITIES AND AGRICULTURE

EEC butter may be fed back to cows

By Tim Dickinson in Brussels
THE BUTTER producing cow is familiar enough to most Europeans...

Trader wins arbitration award against ITC

BY STEFAN WAGSTYL
J. H. RAYNER (Mining Lane), a London Metal Exchange company which suffered heavy losses in the tin crisis...

the tin market for good. This could well act as a precedent for other brokers' actions...

remaining creditor brokers have formed two committees to coordinate their actions...

The cost in extra subsidies is estimated at Ecu 22m for Ecu 44m in a full year...

The EEC's butter surplus represents one of the biggest so-called 'food mountains'...

Firm nickel market forecast

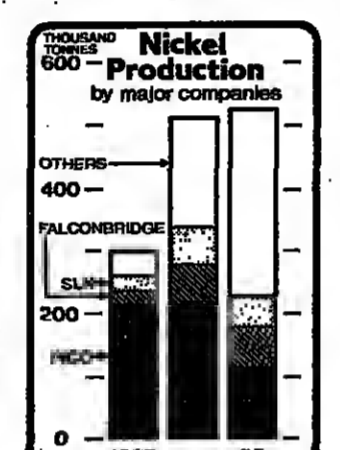
BY STEFAN WAGSTYL
NICKEL PRICES should rise modestly over the next 18 months, as long as the world's biggest producer continues to hold back their output...

attempts to drive up prices on the London Metal Exchange...

The broker predicts that prices which have fallen back sharply since the middle of last year...

primary metal to recycling scrap stainless steel...

Looking at other steel alloying metals, Shearson concludes that the prospects for prices improving are generally poor...



LONDON MARKETS

ZINC prices were very firm on the London Metal Exchange yesterday...

ALUMINIUM prices were firm... COPPER prices were firm... LEAD prices were firm...

NICKEL prices were firm... TIN prices were firm... ZINC prices were firm...

SOYABEAN MEAL prices were firm... GRAINS prices were firm... WHEAT prices were firm...

GOLD and SILVER prices were firm... MEAT prices were firm... PIGMEAT prices were firm...

POTATOES prices were firm... SOYABEAN OIL prices were firm... RUBBER prices were firm...

US MARKETS

COCOA FUTURES traded limit up, following London's initial lead...

SUGAR prices were firm... CORN prices were firm... SOYABEAN OIL prices were firm...

CRUDE OIL prices were firm... WHEAT prices were firm... RICE prices were firm...

WHEAT prices were firm... CORN prices were firm... SOYABEAN OIL prices were firm...

CRUDE OIL prices were firm... SOYABEAN OIL prices were firm... RUBBER prices were firm...

Tea brokers warn India against 'stop-go' policy

BY ANDREW GOWERS
LONDON TEA BROKERS sought an assurance yesterday from India, the world's largest tea producer...

India's sales to Britain, its second biggest export market after the Soviet Union...

Easier tone continues on oil markets

By Max Willidson
SPOT OIL prices continued to ease yesterday on both sides of the Atlantic...

The underlying factors in the oil market appear to point to continued weakness...

Canada attacks US export bonuses

BY NANCY OUNNE IN WASHINGTON
CANADIAN WHEAT Board officials are complaining that Canadian barley exports are innocent victims of the current US-EEC battle over export subsidies...

However, in the past week, perhaps in response to the USA offer, the EEC is reported to have authorised the sale of 330,000 tonnes of barley to Saudi Arabia...

Handwritten notes and signatures at the bottom of the page, including 'J.P. Collins'.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows late fall

The dollar finished toward the day's low yesterday following comments by Mr Paul Volcker, chairman of the Federal Reserve board.

The US unit brushed aside previous support levels and touched a low of 1.62-23.50 against the D-mark before finishing at DM 2.2370, well down from Wednesday's close of DM 2.2700.

POUND SPOT—FORWARD AGAINST POUND

Table with columns: Day's spread, Close, One month, Three months, Six months, One year. Rows include US, Canada, West Germany, Denmark, Belgium, France, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, UK and Ireland.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: Day's spread, Close, One month, Three months, Six months, One year. Rows include UK, Ireland, West Germany, Denmark, Belgium, France, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland.

EXCHANGE CROSS RATES

Table with columns: Jun 6, DM, Yen, Ffr, Sfr, Nfl, Lira, CS, Rfr. Rows include DM, Yen, Ffr, Sfr, Nfl, Lira, CS, Rfr.

EURO-CURRENCY INTEREST RATES

Table with columns: June 5, Short, 7 days, 1 Month, 3 Months, 6 Months, One Year. Rows include Sterling, US dollar, Canadian dollar, Swiss franc, French franc, Italian Lira, Japanese Yen, Australian dollar, New Zealand dollar.

MONEY MARKETS

Pounds fall checks interest rate slide

UK interest rates finished a shade firmer yesterday in reaction to a fall in sterling. However, the market still remained bullish about the prospects of a cut in clearing bank base rates.

In Frankfurt the Bundesbank left its credit policies and key lending rates unchanged after yesterday's meeting of the central council.

MONEY RATES

Table with columns: June 5, One month, Two months, Three months, Six months, One year. Rows include Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Hong Kong, Singapore, Sydney, Melbourne, Brisbane, Auckland.

FINANCIAL FUTURES

Confused trading

Trading was rather erratic in the London International Financial Futures Exchange yesterday. US bond prices opened at 91-08 for September delivery.

However, comments later yesterday by Mr Volcker suggested that the opposite and while voicing concern about the inflationary effects of a lower dollar he gave the impression that US rates may fall without a lead.

CURRENCY MOVEMENTS

Table with columns: Bank of England, Morgan Guaranty, June 6. Rows include Sterling, US dollar, Canadian dollar, West German mark, Danish krone, Swiss franc, French franc, Italian Lira, Japanese Yen, Australian dollar, New Zealand dollar.

CURRENCY RATES

Table with columns: June 6, Bank of England, Morgan Guaranty. Rows include Sterling, US dollar, Canadian dollar, West German mark, Danish krone, Swiss franc, French franc, Italian Lira, Japanese Yen, Australian dollar, New Zealand dollar.

OTHER CURRENCIES

Table with columns: June 6, Bank of England, Morgan Guaranty. Rows include Argentina, Brazil, Hong Kong, India, Indonesia, Korea, Malaysia, New Zealand, Singapore, Taiwan, Thailand, Philippines, South Africa, South Korea, Sri Lanka, Turkey, Venezuela, Zimbabwe.

STERLING INDEX

Table with columns: June 5, June 6, Previous. Rows include 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 4.00 pm.

EM5 EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Value of Dollar. Rows include Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, Switzerland, UK, US, West Germany.

FT LONDON INTERBANK FIXING

Table with columns: Bid 7 1/4, Offer 7 1/4. Rows include 31.00 am, 31.00 am, 31.00 am, 31.00 am, 31.00 am, 31.00 am, 31.00 am, 31.00 am, 31.00 am, 31.00 am.

LONDON MONEY RATES

Table with columns: June 6, Over night, 7 days, 1 Month, 3 Months, 6 Months, One Year. Rows include Sterling, US dollar, Canadian dollar, Swiss franc, French franc, Italian Lira, Japanese Yen, Australian dollar, New Zealand dollar.

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BEAT DJI BY 300%
Slim has grown to over \$22m with income and profits reinvested after commissions without leverage or hedging.

Company Notices
SOCIETE CONCESSIONNAIRE DES AUTOMOBILES DE LA COTE BASQUE

Legal Notices
No. 003163 of 1986 IN THE HIGH COURT OF JUSTICE

Legal Notices
The Board of Directors of the TRUST MAATSCHAPPIJ CURACAO B.V.

Personal
YOU CAN HELP OUR OPERATION BE A SUCCESS.

Clubs
The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, June 4, 1986.

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR. Rows include Algeria, Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Korea, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, US, Venezuela, Zimbabwe.

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Dividend, and Yield. Includes various investment funds like 'Investment Growth' and 'Global Growth'.

AMERICANS - Cont.

Table of American Stocks with columns for Name, Price, Dividend, and Yield. Lists companies like 'American Express' and 'AT&T'.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Price, Dividend, and Yield. Includes 'Balfour Beatty' and 'Hillier Smith'.

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks with columns for Name, Price, Dividend, and Yield. Lists 'Debenhams' and 'Next'.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks with columns for Name, Price, Dividend, and Yield. Includes 'ICI' and 'Imperial Chemicals'.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Name, Price, Dividend, and Yield. Lists 'Debenhams' and 'Next'.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits stocks with columns for Name, Price, Dividend, and Yield. Includes 'Guinness' and 'Vintners'.

BUILDING, TIMBER

Table of Building and Timber stocks with columns for Name, Price, Dividend, and Yield. Lists 'Balfour Beatty' and 'Hillier Smith'.

AMERICANS

Table of American Stocks with columns for Name, Price, Dividend, and Yield. Lists companies like 'American Express' and 'AT&T'.

ENGINEERING - Continued

Table of Engineering stocks with columns for Name, Price, Dividend, and Yield. Includes 'BHP' and 'British Steel'.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Price, Dividend, and Yield. Lists 'British Petroleum' and 'Shell'.

FOOD, GROceries

Table of Food and Groceries stocks with columns for Name, Price, Dividend, and Yield. Includes 'Asda' and 'Sainsbury'.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Price, Dividend, and Yield. Lists 'Hilton' and 'Intercontinental'.

INDUSTRIALS (Miscel.)

Table of Miscellaneous Industrial stocks with columns for Name, Price, Dividend, and Yield. Lists 'British Petroleum' and 'Shell'.

Undated

Table of Undated stocks with columns for Name, Price, Dividend, and Yield.

INT. BANK AND OCEAS

Table of International Bank and Ocean stocks with columns for Name, Price, Dividend, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, Dividend, and Yield.

LOANS

Table of Loans with columns for Name, Price, Dividend, and Yield.

Public Board and Ind.

Table of Public Board and Industrial stocks with columns for Name, Price, Dividend, and Yield.

Index-Linked

Table of Index-Linked stocks with columns for Name, Price, Dividend, and Yield.

PROSPECTIVE REAL ESTATE

Table of Prospective Real Estate with columns for Name, Price, Dividend, and Yield.

FOREIGN BONDS & RAIS

Table of Foreign Bonds and Rais with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, Dividend, and Yield.

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INDUSTRIALS—Continued. Table listing various industrial stocks with columns for stock name, price, and other financial metrics.

LEISURE—Continued. Table listing leisure-related stocks such as hotels, resorts, and entertainment companies.

PROPERTY—Continued. Table listing real estate and property-related stocks.

INVESTMENT TRUSTS—Cont. Table listing various investment trusts and funds.

FINANCE, LAND—Cont. Table listing financial services, land, and other related stocks.

INSURANCES. Table listing insurance companies and their stock prices.

PROPERTY. Table listing property-related stocks, including real estate and construction.

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FINANCE, LAND—Cont. Table listing financial services, land, and other related stocks.

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LONDON STOCK EXCHANGE

RECENT ISSUES

MARKET REPORT

Account Dealing Dates

Opinion Last Account Dealings Day May 12 May 29 May 30 June 9 June 12 June 13 June 23 June 26 June 27 July 7

Leading stocks confounded equity market commentators yesterday and improved progressively throughout the session. Many had forecast a reactionary trend because of the Bank of England's right attitude regarding an early reduction in UK base rates, which eventually caused period money market rates to rise slightly. The current uncertain state of US financial markets was also expected to affect sentiment.

Revived bid speculation assists good rise in FT equity indices

1730p. The major clearers, however, remained overshadowed by brokers' recent profits downgrading of Barclays and NatWest's record 5734m cash call. Unsettled earlier in the week by reports of premium cuts in the state of Florida, Composites regained composure. Sentiment was helped to a certain extent by revived takeover speculation. Paragroup bid favourite Commercial Union rallied 3 at 306p and Royals added 8 at 866p. Sun Alliance rose 13 at 646p. Elsewhere, Lloyds Bank, Sedgwick followed 8 to 450p in response to the first-quarter profits increase.

FINANCIAL TIMES STOCK INDICES. Table with columns for Stock, June 5, June 4, June 3, June 2, June 1, and Year Ago. Includes sub-tables for Share Composition and S.E. ACTIVITY.

Interest rate optimism gave a fresh boost to sentiment in the Building sector and leading issues recorded smart gains in places. Barratt Developments, additionally buoyed by bid speculation, gained 10 to 165p, while George Wimpey firmed 5 to 182p. Redland revived and moved up 7 to 439p, while Tarmac improved a similar amount to 462p. Recently-dull Blue Circle rallied a couple of pence to 647p and improved the same amount to 173p. Bayers again favoured Taylor Woodrow, up 8 more at 683p, while John Howland rose 14 to 457p, following a "chart buy" signal.

Standard Chartered up 80p on hopes of an increased bid from Lloyds, 3 off at 540p, after 55p. Mercantile banks made a firm showing, encouraged by Hill Samuel's satisfactory preliminary results. HS hardened a penny at 406p, while Hambros Jumped 12p to 420p. Klenwort Benson galed 25 at

largely the result of heavy FT equity losses. American progress was halted by adverse comment and the shares reacted 12 to 856p, but renewed speculation buying on expansive hopes helped Burgess Products advance 18 further to 244p. Demand ahead of the annual meeting left Telecasters 8 higher at 235p, while improvements of around 20 were seen in Microgen, 410p, and VG Instruments, 459p. GTC continued to reject takeover hopes with a fresh rise of 8 at 148p and Thorn EMI moved up 8 to 457p. GEC gained 4 at 205p and Plessey put on 2 at 222p.

IBL plummeted. IBL provided a dull feature in Electricals, plummeting to 68p at one stage before closing the session a net 53 down at 109p. Following the poor preliminary results which were

couple of pence cheaper at 352p, while the shares reacted 16 to 292p in the wake of acquisition news, while Pale and Lyle gained 18 to 605p on reports of a broker's circular. Dec Corporation continued to lose ground following comment on the Fine Fare acquisition and closed 10 lower at 235p, but other leading supermarkets regained composure after the previous day's nervousness on competition fears. J. Salusbury improved 4 to 358p and Tesco rallied 6 to 589p.

Century oils advance. Secondary oils provided a bright feature in Century Oils which raced ahead to close 14

higher at 117p, following the much better-than-expected preliminary profits, increased dividend and the bullish accompanying statement. Elsewhere, Petrol settled 4 higher at 54p, after 58p, reflecting revived takeover speculation. Among Plantations, McLeod Russel advanced 18 to 443p in response to the increased interim dividend and better-than-expected first-half profits.

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RECENT ISSUES. Table with columns for Issue, Price, Date, and other details.

FIXED INTEREST STOCKS. Table with columns for Issue, Price, Date, and other details.

"RIGHTS" OFFERS. Table with columns for Issue, Price, Date, and other details.

NEW HIGHS AND LOWS FOR 1986. Table with columns for Name, High, Low, and other details.

TRADITIONAL OPTIONS. Table with columns for Name, Price, and other details.

LONDON TRADED OPTIONS. Table with columns for Name, Price, and other details.

FT-ACTUARIES SHARE INDICES

Table with columns for Equity Groups & Sub-Sections, Thurs June 5 1986, and other details.

FIXED INTEREST

Table with columns for Price Indices, British Government, and other details.

YESTERDAY'S ACTIVE STOCKS

Table with columns for Stock, Price, and other details.

WEDNESDAY'S ACTIVE STOCKS

Table with columns for Stock, Price, and other details.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Name, Price, and other details.

WORLD STOCK MARKETS

Table with columns for Country (Austria, Germany, Norway, Australia, Japan), Date (June 5), Price, and Change (+ or -). Lists various stock indices and individual shares.

Table with columns for Country (Spain, Sweden, Hong Kong, Switzerland, France, Netherlands), Date (June 6), Price, and Change (+ or -). Lists various stock indices and individual shares.

Table with columns for Country (Australia, Japan), Date (June 5), Price, and Change (+ or -). Lists various stock indices and individual shares.

Continued from Page 46. Institutional investors began to withdraw early in the session leaving many issues exposed. Blue chips, particularly industrial and banking stocks, were the first to suffer once again.

HONG KONG. AN EARLY firmer trend in Hong Kong was underlined late in the afternoon by overseas buyers who began to sell heavily. Most brokers believe that the bearish mood will continue in the short-term, but that the market should regain strength in the near future.

Table with columns for Country (Denmark), Date (June 4), Price, and Change (+ or -). Lists various stock indices and individual shares.

Table with columns for Country (Italy, Singapore, Canada), Date (June 6), Price, and Change (+ or -). Lists various stock indices and individual shares.

Table with columns for Country (Canada), Date (June 5), Price, and Change (+ or -). Lists various stock indices and individual shares.

Table with columns for Country (Canada), Date (June 5), Price, and Change (+ or -). Lists various stock indices and individual shares.

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WORLD ECONOMIC INDICATORS every Monday-Only in the Financial Times. Includes sections for OVER-THE-COUNTER, LONDON Chief price changes, and NEW YORK COMMODITIES.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm June 5

Main table of stock prices with columns for 12 Month, High, Low, Stock, Div, Yld, P/E, 100s High, Low, Close, Prev, Change, and various other metrics. Includes sub-sections for 12 Month, High, Low, Stock, Div, Yld, P/E, 100s High, Low, Close, Prev, Change.

NYSE COMPOSITE PRICES

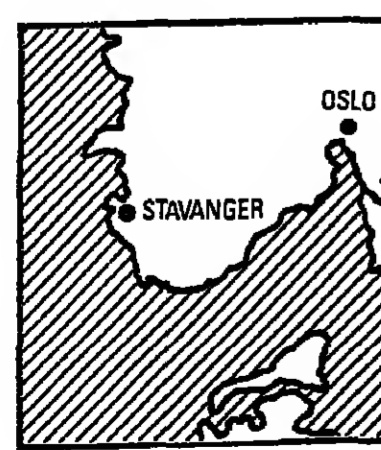
Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Continued from Page 44' and 'Special Subscription'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.



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# FINANCIAL TIMES

## WORLD STOCK MARKETS

### WALL STREET

## Attention remains on Volcker

THE ATTENTIONS of the US financial markets switched yesterday to Washington, where Mr Paul Volcker, Fed chairman, was addressing a House Banking Subcommittee writes Terry Byland in New York.

Early losses in federal bonds were recovered after Mr Volcker denied signalling tighter monetary policies in his Boston speech and took a neutral stand on prospects for a cut in the federal discount rate. But the credit markets were more cautious than the foreign exchange centres in their response to Mr Volcker.

The stock market remained unsure of itself, but tried to firm up behind the bond market rally. Low turnover continued to indicate caution by investors and the list of share gains only slowly exceeded that of the losers.

At 3pm the Dow Jones industrial average was 3.09 down at 1,880.20.

The stock market lacked leadership from the blue chips and also from more fundamental economic factors. Today brings the latest US employment statistics, which are likely to consolidate Wall Street's view of the outlook for the US economy.

Looking further ahead, the market is nervous as the next "triple expiration day" in the options and futures markets looms on June 20. Expiration day has already proved a difficult time for the market and the current option and index futures contract periods have revolved against a backdrop of sluggish equity trading and volatile price movements.

The retail sector brightened behind the latest sales reports from the big department stores. May Department Stores did best, adding 5 1/4 to 58 1/4 on an 11 per cent gain in May sales, while Federated Department Stores at 5 3/4 edged up 3/8 on its sales report.

Among the big names, Sears Roebuck, facing bearish comment in the investment press, managed a gain of only 3/8 to 548 on a 3.5 per cent gain in monthly sales. J.C. Penney, down 5/4 at 578, had a sales gain of 8.4 per cent.

IBM, which has faced a tug-of-war in the marketplace as analysts have shifted their predictions for second-quarter earnings, had a sluggish day. At \$190 1/8, it edged up 3/8 in thin turnover.

Digital Equipment, still IBM's number two until the newly merged Sperry-Burroughs group gets going held unchanged at 589 1/4. Sperry topped the NYSE actives list, but was unchanged at \$74 1/4 as the arbitrageurs traded their stocks under the Burroughs offer terms. At \$86 1/2, Burroughs gained 3/8 in minimal turnover.

The Detroit car stocks had another dull session in the wake of the latest industry sales returns. At \$77 1/2, General Motors shed 5/4, with Ford down 5/4 at \$53 1/4 and Chrysler held steady at \$38 1/4.

A turn down in the dollar brought

some buyers in for pharmaceutical issues. Merck added 3/4 to \$96 1/4 and Bristol-Myers 1/4 to \$79 1/4. However, Schering-Plough lost 5/4 to \$76 1/4 as the profit-takers moved in on the gain which reflected the FDA's clearance for interferon, the anti-cancer drug.

But chemical issues were generally easier, under the lead of Du Pont, down 5/4 at \$85 1/4. Also on the downside were Dow, 5/4 off at \$58 1/4, Monsanto, 5/4 off at \$68 and Union Carbide, 1/4 off at \$22 1/4.

With the outlook for oil prices uncertain again, airline stocks gave ground. People Express edged up 5/4 to 59 1/4 despite reporting lower passenger traffic. But among the major domestic carriers, United fell 5/4 to \$57 1/4 and American 1 1/4 to \$58 1/4.

Interest rate responsive stocks reacted cautiously to signals from the foreign exchange market, where Mr Volcker's words were regarded as favourable for lower US rates. Insurance issues steadied again from this week's setback, but banks stocks shaded easier. Bankers Trust fell 5/4 to \$48 1/4, Chase Manhattan 5/4 to \$42 and Citicorp 5/4 to \$47 1/4.

Credit markets hung fire as traders scanned the tapes for further details of Mr Volcker's comments. Short-term rates gave up a little of their recent gains, three-month Treasury bills losing three basis points to 8.48 per cent.

The bond market, down half a point at first, recovered its losses but was unable to forge into higher ground. Long-dated yields dipped below 7.90 per cent again in nervous trade ahead of the employment statistics due today.

### CANADA

SOME METALS and mining issues showed strength in a mostly lower Toronto.

Among companies to report, Canadian Imperial Bank of Commerce dipped 5/4 to C\$17 1/4 as second-quarter profits fell. Montreal was also lower with Domtar off 5/4 to C\$32 1/4.

### SOUTH AFRICA

A NERVOUS SESSION in Johannesburg left prices mixed after a stronger start as the rand rebounded from its lows of the day.

Vaal Reef ended up R2 at R233 after hitting R236 at one stage. Buffels rose R1.50 to R81.50 and Driefontein advanced R1 to R59.50.

### TOKYO

## Overheating fears follow another peak

LOW-PRICED large-capital stocks were traded heavily early in Tokyo yesterday as the bullish mood continued, but investors grew cautious about the fast rise and retreated to the sidelines towards the close, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average climbed 64 in the morning, but finished only 8.24 higher at 18,810.89, which was still a record high. Volume was again large at 1.019bn shares compared with Wednesday's 1.175bn. Losers outpaced gainers 442 to 419, with 120 issues unchanged.

The stock investment climate is not entirely positive, with the outlook for foreign exchange and interest rate movements becoming increasingly uncertain. But the dominant view among investors is that they can safely continue buying until July 6, when elections for both houses of the Diet (parliament) are held. Their belief is based on the fact that in the past, 80 per cent of issues held firm between the announcement of a general election and polling day.

Institutional investors sought large-capital stocks priced up to around Y200. Nippon Steel topped the active list with 84.82m shares, but finished unchanged at Y180. Nippon Kokan came second with 55.89m shares, adding Y4 to Y156. It was followed by Kawasaki Steel, which rose Y3 to Y183 on a volume of 52.55m. Ishikawajima-Harima Heavy Industries closed Y1 up at Y229.

Large-capital chemicals were also busy, with Sumitomo Chemical and Mitsui Toatsu Chemicals advancing Y14 to Y381 and Y8 to Y309, respectively.

The US Food and Drug Administration's approval for production of interferon made by gene splicing prompted investors to purchase Toray, pushing it up Y18 to Y575. Takeda Chemical rose Y20 to Y1,660. Sumitomo Chemical's gain was also partly spurred by preparations for interferon manufacture by its subsidiary, analysts said.

On the other hand, Kuraray, which had led biotechnologies, plunged Y80 to Y2,090 under profit-taking pressure. Kyowa Hakko dropped Y30 to Y1,900 and Toyama Chemical Y80 to Y1,030.

Despite repeated denials by the company, rumours of financial difficulties hurt Nikkatsu. The film producer plummeted Y50, a daily limit loss, to Y76 under massive selling.

Bond prices opened lower, reflecting the overnight fall in New York, but recovered later on heavy buying by leading securities houses. The yield on the benchmark 8.2 per cent government bond due in July 1995 rose temporarily to 4.970 per cent from Wednesday's 4.945 per cent, but closed lower at 4.930 per cent. The yield on the 5.1 per cent government bond maturing in March 1996 increased to 5.060 per cent from 5.010 per cent.

### LONDON

## Spurred by talk of takeovers

LEADING issues continued to improve in London, resisting a much expected reactionary trend, as institutions entered the market to pick up stocks.

Speculative activity surrounded Associated British Foods which is cash-rich after its deal with Dee Corporation. It was suggested that the former, 2p down at 332p, would be searching for a major acquisition and several candidates came under scrutiny.

Beecham advanced on talk it may be considering the sale of some of its assets to counter a possible bid. It ended up 10p at 403p.

The FT Ordinary share index ended 12.0 up at 1,332.8, while the FT-SE 100 was 11.2 higher at 1,812.8.

Glits fell on news that European and Japanese central bankers see little scope for further cuts in interest rates. Longer-dated stock ended around 1/2 down.

Chief price changes, Page 43; Details, Page 42; Share information service, Pages 40-41

### EUROPE

## Accelerated decline for Paris

BAD NEWS ABOUNDED yesterday on the European bourses as most centres encountered steady selling pressure although West Germany staged a firm technical recovery.

Paris accelerated its decline as the CAC General index shed a further 3 1/2 per cent when small domestic investors and foreigners began to pull out in the wake of the unsettled overnight tone of Wall Street. The broad market had fallen more than 2 per cent on Wednesday.

Support by domestic institutions propped up prices although trading in more than a dozen shares was suspended due to order imbalances. Valeo suffered one of the sharpest falls of the session with its FFR 48 drop to FFR 458 after the De Benedetti management moves. Beghin-Say was another casualty with its FFR 30 drop to FFR 445, while CIT-Alcatel suffered a FFR 141 drop to FFR 2,038.

Micbelin surrendered FFR 70 to FFR 2,610 amid news that its UK subsidiary had made a dramatic profits turnaround. Thomson CSF was marked down FFR 22 to FFR 1,180 despite revealing joint venture discussions with Japanese compact disc makers.

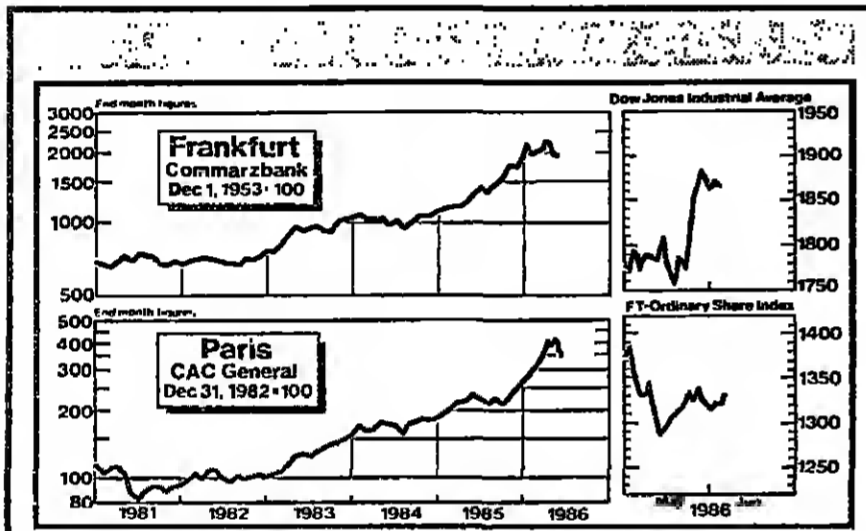
Bouygues, which announced plans to buy a FFR 500m stake in a national TV network earlier this week, dipped FFR 12 to FFR 1,080.

Peugeot shed FFR 13 to FFR 893 despite pulling its profits into the black. The motor group has, however, weakened since Chrysler of the US indicated its intention to sell its holding in the French group.

Dassault's 8 per cent rise in net income for last year did not make it immune from the bearish sentiment and the aerospace group lost FFR 100 to FFR 1,200. Oils recovered some of their pain with strong mid-session buying.

Milan also experienced a sharp decline.

Continued on Page 43



STOCK MARKET INDICES			
	June 5	Previous	Year ago
<b>NEW YORK</b>			
DJ Industrials	1,880.20	1,863.29	1,320.55
DJ Transport	797.89	796.0	655.8
DJ Utilities	157.35	166.57	163.22
S&P Composite	243.72	243.94	190.15
<b>LONDON</b>			
FT Ord	1,332.6	1,320.6	1,017.3
FT-SE 100	1,812.8	1,801.4	1,335.9
FT-A All-share	730.3	707.18	639.5
FT-A 500	878.5	869.08	701.83
FT Gold mines	217.6	224.4	444.3
FT-A Long Gilt	9.25	9.23	10.61
<b>TOKYO</b>			
Nikkei	18,810.89	18,602.75	12,693.2
Tokyo SE	1,309.43	1,304.38	1,000.67
<b>AUSTRALIA</b>			
All Ord	1,229.1	1,223.3	853.8
Metals & Mins.	524.2	519.6	508.8
<b>AUSTRIA</b>			
Credit Aktien	117.96	118.4	99.47
<b>BELGIUM</b>			
Belgian SE	3,593.25	3,508.51	2,384.12
<b>CANADA</b>			
Toronto			
Metals & Mins	2,177.5	2,168.5	1,959.0
Composite	3,292.4	3,095.4	2,766.1
Montreal	1,570.69	1,584.35	135.56
<b>DENMARK</b>			
SE	closed	228.51	191.42
<b>FRANCE</b>			
CAC Gen	3,590	3,511	2,320
Ind Tenance	127.7	131.9	84.3
<b>WEST GERMANY</b>			
FAZ Aktien	833.51	827.72	454.54
Commerzbank	1,917.3	1,949.8	1,375.8
<b>HONG KONG</b>			
Hong Kong	1,745.53	1,753.67	1,627.82
<b>ITALY</b>			
Banca Com	755.4	770.1	598.53
<b>NETHERLANDS</b>			
ANP-CBS Gen	259.1	229.6	213.7
ANP-CBS Ind	273.3	281.7	175.4
<b>NORWAY</b>			
Oslo SE	359.59	353.38	342.51
<b>SINGAPORE</b>			
Strait Times	855.45	893.25	812.02
<b>SOUTH AFRICA</b>			
JSE Grds	-	1,256.2	1,012.3
JSE Industrials	-	1,163.8	963.5
<b>SPAIN</b>			
Madrid SE	178.72	181.53	81.77
<b>SWEDEN</b>			
J S P	2,470.73	2,428.75	1,345.57
<b>SWITZERLAND</b>			
Swiss Bank Ind	553.6	564.2	436.5
<b>WORLD</b>			
US Dollar Ind	215.6	215.8	213.8
<b>COMMODITIES</b>			
London			
Silver (spot 100g)	245.85p	242.55p	242.55p
Copper (cash)	195.50	194.50	194.50
Coffee (July)	119.50	118.50	118.50
Oil (Brent blend)	112.075	111.95	111.95
<b>GCLO (per ounce)</b>			
June 5			
London	\$341.75	\$341.45	
Zurich	\$341.90	\$340.85	
Paris (Aug)	\$342.27	\$343.38	
Luxembourg	\$341.75	\$341.80	
New York (Aug)	\$344.80	\$344.80	
* Latest available figures			

CURRENCIES				
	June 5	Previous	Year ago	
<b>US DOLLAR</b>				
(London)	1.496	1.485	1.485	
DM	2.237	2.278	3.345	
Yen	166.85	171.30	252.5	
FFr	7,127.5	7,252.5	10,825	
SFr	1,844	1,884.5	2,757.5	
Guilder	2,523	2,561	3.75	
Lira	1,534.75	1,559	2,295	
BFr	46.55	46.45	68.75	
C\$	1,393.5	1,392.5	2,081	
<b>STERLING</b>				
Previous	1.485			
<b>INTEREST RATES</b>				
Euro-currencies (3-month offered rate)				
£	9%	9 1/4%		
SFr	4 1/4%	4%		
DM	4%	4%		
FFr	7 1/2%	7%		
<b>FT London Interbank fixing (offered rate)</b>				
3-month US\$	7 1/4%	7 1/4%		
6-month US\$	7%	7%		
US Fed Funds	6 1/4%	7%		
US 3-month CDs	5.80%	5.85%		
US 3-month T-bills	6.465%	6.53%		
<b>US BONDS</b>				
Treasury				
	June 5	Prev	Yield	
7 1/4 1988	99 3/8	7.52	99 3/8	
7 1/4 1993	95 1/8	8.215	95 1/8	
7 1/4 1996	93 1/8	8.325	93 1/8	
7 1/4 2016	92 1/8	7.907	92 1/8	
Source: Harris Trust Savings Bank				
Treasury Index				
	June 5	Prev	Yield	
Maturity	Return	Change	Day's change	
(years)	index			
1-30	145.48	+0.41	8.18	
1-10	140.89	+0.41	8.01	
1-3	134.02	+0.12	7.65	
3-5	142.55	+0.56	8.24	
15-30	166.75	+0.43	8.78	
Source: Merrill Lynch				
Corporate				
	June 5	Prev	Yield	
AT & T				
3 1/2 July 1990	89.65	6.90	89 1/8	
SCBT South Central				
10 1/2 Jan 1993	105.586	8.25	105 1/8	
Phibro-Sal				
8 April 1996	93.54	9.0	96.36	
TRW				
8 1/2 March 1996	99	8.9	101.953	
Arco				
9 1/2 March 2016	101	9.76	103 1/4	
General Motors				
8 1/2 April 2016	88 1/2	9.26	91 1/4	
Citicorp				
9 1/2 March 2016	95	9.69	96 1/4	
Source: Jaramon Brothers				
<b>FINANCIAL FUTURES</b>				
CHICAGO				
Latest High Low Prev				
<b>US Treasury Bonds (CBT)</b>				
8 1/2 32nds of 100%				
June	92-09	92-29	91-05	91-14
<b>US Treasury Bills (TMM)</b>				
\$1m points of 100%				
Sept	93.63	93.68	93.56	93.53
<b>Certificates of Deposit (TMM)</b>				
\$1m points of 100%				
June	93.19	93.18	n/a	93.16
<b>LONDON</b>				
Three-month Eurodollar				
\$1m points of 100%				
June	98.27	92.90	92.85	92.87
<b>20-year Notional Gilt</b>				
£50,000 32nds of 100%				
June	123-09	123-01	123-01	123-03
* Latest available figures				

### UBS SWITZERLAND

Congratulations to Skipper Pierre Fehlmann and his crew on winning the Whitbread Round the World Race in a new record time of 117 days 14 hrs 31 min 42 sec.

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